

1       SACRAMENTO, CALIFORNIA, SEPTEMBER 19, 2000 - 9:30 A.M.

2                               \* \* \* \* \*

3               CHAIR MOULTON-PATTERSON: Good morning and  
4 welcome to the September 19th meeting of the California  
5 Integrated Waste Management Board.

6               Would the secretary please call the roll.

7               BOARD SECRETARY: Eaton.

8               BOARD MEMBER EATON: Here.

9               BOARD SECRETARY: Jones.

10              BOARD MEMBER JONES: Here.

11              BOARD SECRETARY: Medina.

12              BOARD MEMBER MEDINA: Here.

13              BOARD SECRETARY: Paparian.

14              BOARD MEMBER PAPARIAN: Here.

15              BOARD SECRETARY: Roberti.

16              Moulton-Patterson.

17              CHAIR MOULTON-PATTERSON: Here.

18              Again, welcome to the members of the audience.

19 I would like to ask you at this time to please turn off  
20 pagers and cell phones.

21              We'll start with ex partes. Mr. Eaton.

22              BOARD MEMBER EATON: I'm up to date, thank you.

23              CHAIR MOULTON-PATTERSON: Mr. Jones.

24              BOARD MEMBER JONES: Mike Sanjacamo, Mike  
25 Mahoney and John Glaub from Norcal Waste Systems and a

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1 quick hello to Jim Kuhl.

2 CHAIR MOULTON-PATTERSON: Thank you.

3 Mr. Medina.

4 BOARD MEMBER MEDINA: I'm up to date on my ex  
5 partes.

6 CHAIR MOULTON-PATTERSON: Mr. Paparian.

7 BOARD MEMBER PAPARIAN: I had a written  
8 communication from Evan Edgar regarding source reduction  
9 information, some oral communication with John Cupps on  
10 various issues and just received a fax from Mike Mohajer  
11 regarding Item Numbers 2, 21 and 20. Mr. Mohajer is  
12 representing the L.A. County Department of Public Works.

13 CHAIR MOULTON-PATTERSON: Thank you. And I'm up  
14 to date on mine.

15 At this time we're going to be having a special  
16 presentation in a few moments, but we're not quite ready  
17 for that yet so I think we'll go on with our Board Member  
18 reports at this time. If anyone has a report, please,  
19 now would be the time.

20 BOARD MEMBER EATON: Nothing from me.

21 CHAIR MOULTON-PATTERSON: Mr. Medina.

22 BOARD MEMBER MEDINA: I have two to report on.

23 August 29th through the 31st I attended the  
24 Partnership 2000 in San Diego, an opportunity to interact  
25 with a lot of the LEAs. Also on September 11th through

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1 the 13th in Charlotte, North Carolina, I attended the  
2 National Recycling Coalition convention.

3 CHAIR MOULTON-PATTERSON: Thank you, Mr. Medina.  
4 Mr. Paparian.

5 BOARD MEMBER PAPARIAN: Yes. I attended the  
6 League of California Cities annual conference down in  
7 Anaheim last week and gave a little talk on green  
8 buildings and the green building staff here at the Board  
9 were just outstanding in providing information to me for  
10 that. I want to thank them for that. I talked  
11 especially about the new Cal/EPA building and the east  
12 end project. That's it.

13 CHAIR MOULTON-PATTERSON: Thank you,  
14 Mr. Paparian. Anyone else?

15 I would just like to report I had the pleasure  
16 of attending the LEA conference in San Diego and was able  
17 to meet and speak to a lot of our LEAs throughout the  
18 state. I also attended the Orange County installation of  
19 the Board of Directors for the League of Cities and also  
20 had the opportunity to meet with Mr. Alan Tratner  
21 (phonetic) who went over his green-to-gold concept and  
22 what they have been doing in the field of education.

23 At this time I would like to ask today Ms. Fish  
24 to give the Executive Director report for us please.

25 MS. FISH: Okay. I do have a report.

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1           To start, this report provides an update on  
2 staff activities relating to managing the influx of tires  
3 resulting from the Firestone recall. The corporate  
4 offices of Bridgestone Firestone contacted staff on  
5 August 30th and informed us that they were storing in  
6 excess of 80,000 tires. These were awaiting destruction  
7 in an Ontario, California warehouse.

8           These are apparently new tires that had not been  
9 yet even shipped to the dealers. They also advised us  
10 that the recall could extend from six months to a year  
11 with an average of 2,000 to 3,000 tires a day being  
12 returned to this warehouse.

13           Staff has been working closely with the company  
14 and has reached the following agreements to facilitate  
15 the absorption of the recalled tires into the state's  
16 waste tire system. All 80,000 defective tires in the  
17 Ontario warehouse will be removed by December 31st, 2000.  
18 Approximately 15,000 tires have been removed already.  
19 The daily flow of defective tires coming to the warehouse  
20 will be placed in enclosed movable containers and not  
21 stored in the warehouse. Bridgestone Firestone is  
22 applying for a permit exclusion for the containers.

23           The company is also registering its trucks in  
24 the Board's waste tire hauler program. Lakin Tires  
25 continues to remove the recalled tires from the

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1 Firestone-owned dealers. All of the waste tires from  
2 this recall are going first to First Nation Recovery in  
3 Palm Springs for crumbing.

4           Secondly, the second update in this report is  
5 this year's budget bill. The legislature directed the  
6 Board to provide funding from the general fund totalling  
7 \$520,000 to seven special projects ranging from  
  
8 playground improvements to ball field irrigation systems.  
9 Some of these projects are similar to the playground  
10 refurbishing grants that Board staff is currently  
11 administering.

12           The line item allocates a specific amount of  
13 money to specific entities, although it does not provide  
14 detailed instructions on how to implement these projects.  
15 Although there are no requirements for recycled content  
16 matching funds or eligible expenditures in the budget  
17 bill, we're moving these projects forward and strongly  
18 encouraging the use of recycled content materials.

19           Board staff will assist the local project  
20 managers by identifying allowable costs associated with  
21 the recyclable materials and other ways to promote  
22 recycled material awareness through this funding  
23 opportunity. Each entity will be required to comply with  
24 the American with Disabilities Act, ADA, where indicated  
25 in the budget bill.

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1           Staff will administer these projects as  
2 non-competitive grants and develop a grant agreement for  
3 each project. Local project managers will be required to  
4 submit a budget and a work statement prior to the  
5 preparation of the grant agreement. Staff proposes to  
6 have these agreements completed and signed by February  
7 2001.

8           And last is an update on AB 75 compliance. So  
9 far staff has reviewed and approved approximately 52  
10 plans. We have another 300 that are under review. On  
11 September 8th, we sent a memoranda of non-compliance to  
12 145 state agencies, community colleges, as well as large  
13 state facilities that had not yet submitted their plans  
14 as required by law. They have been given 30 days to  
15 provide that information. We are planning a follow-up  
16 letter to those agencies that do not respond.

17           Staff continues to work with agencies and  
18 facilities and we remain cautiously optimistic that all  
19 will get their plans completed and approved by the  
20 January 1, 2001 deadline.

21           That completes the report.

22           CHAIR MOULTON-PATTERSON: Thank you, Ms. Fish.  
23 Questions?

24           Mr. Eaton.

25           BOARD MEMBER EATON: I have some questions.

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1 MS. FISH: No.

2 (Laughter)

3 BOARD MEMBER EATON: Absolutely. On the  
4 Firestone tires, are there any entities out there that  
5 are having additional storage that need additional  
6 permits other than that particular warehouse?

7 MS. FISH: Not that I'm aware of, but I could  
8 ask Mark Leary if he has additional information that I  
9 don't have.

10 BOARD MEMBER EATON: Because I think that with  
11 regard to storing extra tires that those permits ought to  
12 come to the Board for approval and not be done at a staff  
13 level. I think that's a policy question. Is that  
14 happening?

15 MR. LEARY: Good morning, Members of the Board.  
16 Mark Leary, Deputy Director of the Special Waste  
17 Division.

18 To answer your first question, Board Member  
19 Eaton, we are not aware of any other warehouses. We are  
20 under the understanding from Bridgestone Firestone that  
21 these tires that have never been put on vehicles are  
22 being shipped to the central location in Ontario and then  
23 being slashed so they're never reused again and then  
24 forwarded on to the First Nation Recovery Facility in  
25 Palm Springs.

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1           We are keeping our eyes and ears open, as we  
2 always do obviously, to make sure there are no interim  
3 outlets for these tires prior to them going to First  
4 Nation but for that one, getting them out of the  
5 warehouse providing that permanent exclusion for  
6 removable containers and going forward from there.

7           BOARD MEMBER EATON: What about the ones that  
8 are being taken off vehicles that are not -- that weren't  
9 shipped in the state and haven't been placed on a vehicle  
10 but rather are being removed from a vehicle. Are those  
11 going to --

12           MR. LEARY: Those are continuing to be managed  
13 through the Firestone dealers through their contract  
14 which I think is fairly exclusive with Lakin Tire.

15           BOARD MEMBER EATON: You've had no additional  
16 storage requests from Lakin?

17           MR. LEARY: We've had a number of conversations  
18 with Lakin management offering regulatory relief should  
19 they need it or expansions of permits should they need  
20 it, but they feel like with their current infrastructure  
21 and their current permits they can manage those tires.

22           BOARD MEMBER EATON: With respect to the  
23 warehouse that's in Ontario, what kind of facility is it?

24           MR. LEARY: I believe it's a central Firestone  
25 distributorship where the new tires would have gone out

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1 from had they been able to be put on vehicles, but  
2 because of the recall they've kind of converted this  
3 warehouse from distributing tires into a warehouse for  
4 receiving tires.

5 BOARD MEMBER EATON: Are we confident that it  
6 meets the current local and state fire codes? Because  
7 that's a lot of tires in there and some of those never  
8 had to come before us as permits in the stream of  
9 commerce. Now if we're using it as a storage facility, I  
10 just want to make sure with the heat and whatever we  
11 don't have any spontaneous combustion and we have an  
12 urban Westley tire fire and I don't know if that facility  
13 has those kinds of precautions.

14 MR. LEARY: That's an additional step we'll  
15 take. The movement into enclosable movable containers is  
16 to get them out of the warehouse, and they've indicated  
17 to us they'll comply with that directive. But in the  
18 interim we'll make a call to the fire department and have  
19 them take a look and see if they're managing in the most  
20 fire-negative manner that they can.

21 BOARD MEMBER EATON: Thank you.

22 CHAIR MOULTON-PATTERSON: Thank you for bringing  
23 it up. Just for closure, Mr. Leary, from my -- if any  
24 new storage facilities had to be established, it would be  
25 brought back to the Board; is that correct?

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1           MR. LEARY: Minor waste tire facilities are  
2 delegated to me to sign those permits, but the major  
3 waste tire facilities would come before the Board as is  
4 done traditionally.

5           CHAIR MOULTON-PATTERSON: Okay. Thank you.  
6 Any other questions?

7           BOARD MEMBER PAPARIAN: On AB 75, I had  
8 requested that several of the plans come before the  
9 Board. Is that for October?

10          MS. FISH: Okay. I wasn't aware of that  
11 request, so I'll have to follow up with staff to make  
12 sure that that happens.

13          BOARD MEMBER PAPARIAN: Okay. Thank you.

14          CHAIR MOULTON-PATTERSON: Thank you. I guess  
15 that's it. Thank you very much, Ms. Fish, for giving  
16 that report for us. We appreciate it. Okay. We're  
17 going to -- okay. Thank you.

18          We're going to go ahead. We have a really full  
19 agenda today and we'll go back when our guests arrive for  
20 the status on border environmental programs, but at this  
21 time we'll go on with the agenda. Agenda Item 5,  
22 continued business agenda items from last month, we have  
23 none. Item 6, consent agenda.

24          At this time Items Number 3, 23, 24, 25, 26, 29,  
25 30, 31, 32, 33, 34, 35, 36, 37, 38, 39 and 40 have been

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1 placed on the consent calendar.

2 Would any Board Members wish to pull any of  
3 these items? Mr. Eaton.

4 BOARD MEMBER EATON: Numbers 29 and 30 I would  
5 like to be pulled for discussion.

6 CHAIR MOULTON-PATTERSON: Thank you. Mr. Jones.

7 BOARD MEMBER JONES: I'll move the consent  
8 agenda.

9 CHAIR MOULTON-PATTERSON: Do we have any other  
10 Members that wish to pull any? Hearing none, the consent  
11 are those items I read with the exception of 29 and 30.

12 Moved by Mr. Jones.

13 BOARD MEMBER MEDINA: Second.

14 CHAIR MOULTON-PATTERSON: Seconded by Mr. Medina  
15 to approve consent Items 3, 23, 24, 25, 26, 31, 32, 33,  
16 34, 35, 36, 37, 38, 39 and 40.

17 Secretary, please call the roll.

18 BOARD SECRETARY: Eaton.

19 BOARD MEMBER EATON: Aye.

20 BOARD SECRETARY: Jones.

21 BOARD MEMBER JONES: Aye.

22 BOARD SECRETARY: Medina.

23 BOARD MEMBER MEDINA: Aye.

24 BOARD SECRETARY: Paparian.

25 BOARD MEMBER PAPARIAN: Aye.

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1           BOARD SECRETARY: Roberti.

2           Moulton-Patterson.

3           CHAIR MOULTON-PATTERSON: Aye.

4           I'd like to note at this time if we go into a  
5 second day tomorrow, I have made a commitment to hear  
6 Item Number 15 and Number 20 today. So we'll just see  
7 how it goes. It might not be a problem, but we will be  
8 hearing 15 and 20 today.

9           Item 22, Sierra Madre, and 28, La Verne, are two  
10 items which will be continued to the October board  
11 meeting and will not be heard today.

12           So that gets us to the beginning of our agenda  
13 and we're now on Item Number 1, administration and policy  
14 discussion of contract classifications and competitive  
15 bidding methods and processings. I'll turn it over to  
16 Terry Jordan at this time.

17           MS. JORDAN: Excuse us for just a second. We  
18 have technical difficulties.

19           CHAIR MOULTON-PATTERSON: Sure.

20           MS. JORDAN: Good morning, Chair  
21 Moulton-Patterson and Board Members. I'm Terry Jordan,  
22 Deputy of the Administration and Finance Division, and  
23 I'm here to present Item Number 1, discussion of contract  
24 classifications and competitive bidding methods and  
25 processes.

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1           Susan Villa and I will present this discussion  
2 item. Legal and program staff are also available to  
3 address any technical questions the Board may have.

4           As previously requested by the Board at the July  
5 18th and 19th board meeting, staff is providing a  
6 comprehensive overview for discussion of the established  
7 contracting options, competitive bidding methods, and  
8 processes available to be used. This overview has been  
9 designed to also address the requests made by the Board  
10 at the May 23rd and 24th board meeting regarding the RFQ  
11 or Request for Qualifications process and present an  
12 appeal procedure.

13           The item itself is comprehensive in that it was  
14 designed to address and clarify all the issues as  
15 requested by the Board. Our presentation will follow in  
16 sequence with the actual agenda item.

17           So to begin, we've prepared a Power Point  
18 presentation for you so that it's easy to follow along.  
19 I'll try not to talk too fast.

20           Beginning with the first line, Public Resources  
21 Code 40505 allows the Board to enter into all contracts  
22 it determines to be necessary to carry out its powers and  
23 duties. The contracting process starts with the  
24 recognition of the need for services. From that point  
25 the process varies depending on the types of services

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1 needed.

2 Proper classification of contracts is necessary  
3 as a first step in identifying which solicitation process  
4 is appropriate for the contract and what elements are  
5 required to be in the contract. It sets forth terms,  
6 conditions and a statement of all work to be performed.

7 The state contracting methods include  
8 competitively and non-competitively bid contracts. The  
9 reasons for competitively bid contracts include  
10 protection against misuse or waste of public funds,  
11 providing all bidders with a fair opportunity to enter  
12 the bidding process, and eliminating favoritism, fraud  
13 corruption and abuse of discretion in public contract  
14 awards.

15 With regards to the general contracting methods  
16 compared, there are different methods of conducting the  
17 bidding process. A comparison of these methods includes  
18 non-competitive contracts. These are statutorily exempt  
19 from the bidding process, and these will include  
20 agreements with governmental entities. You've heard of  
21 interagency agreements. It's a term we throw around.  
22 That's one that's very common. And sole source, sole  
23 source occurs when a single business is given an  
24 opportunity to offer a bid for specified services or only  
25 one source for desired services.

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1           In addition, there's competitively bid  
2 contracts. These include what we commonly refer to as  
3 the IFB, which is an Invitation For Bids; an RFP, a  
4 Request for Proposals, and there are two types, primary  
5 and secondary; and a Request For Qualifications or RFQ.

6           In addition, we've included on here the master  
7 agreements for services, MSAs or CMAS, and we'll get into  
8 that a little bit later about what specifically that is  
9 and why it is competitively bid by the State.

10           With regards to the non-competitive contracts,  
11 these are exempt from competitive bidding and they  
12 include, as we sort of briefly mentioned earlier,  
13 agreements with governmental entities such as state  
14 agencies, local governments, University of California,  
15 and California State University. And again, this is  
16 typically referred to as an interagency agreement or a  
17 standard two, which is very similar; and then sole source  
18 agreements where they are justified and approved.

19           The competitively bid contract methods are a  
20 little different in the solicitation methods and they  
21 include the IFB, the RFP and the RFQ. The different  
22 methods or choices conducting the bidding process are  
23 used depending on factors such as whether the contract  
24 provides a service or product that is common or unique,  
25 or whether the contract cost or method of contract

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1 performance is of higher importance.

2           To give you a flavor of the actual processing  
3 time, we've included an estimated time line for contract  
4 approval. This slide provides you with an idea of the  
5 average number of days, together between the state  
6 process and the Board internal process. With the IFB it  
7 takes approximately 204 days; the RFP, approximately 269  
8 days; and the RFQ process, approximately 210 days.

9           So to get into the methodology and the  
10 different types of solicitation that can be performed,  
11 we'll start with the IFB or the Invitation For Bid. This  
12 solicitation process is used to obtain simple, common or  
13 routine services such as janitorial services. Generally  
14 the IFB speaks to answer the following: Here's exactly  
  
15 what we need done; here are the qualification  
16 requirements, performance specifications, time frames,  
17 and requirements that must be met; and then how much will  
18 you charge us.

19           Other typical types of IFBs that we have done  
20 within the Waste Board include general occupational  
21 health and safety training -- and this is just to give  
22 you an idea of some that we have completed in the past --  
23 environmental laboratory and sampling services.

24           In the process of evaluating IFB responses, the  
25 IFB must indicate the specific requirements that the

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1 State needs. Timely bids are reviewed to determine which  
2 firms meet the specific requirements. After determining  
3 which bidders meet the requirements, bids are publicly  
4 opened and the lowest cost bidder is identified and  
5 awarded the contract.

6 Keep in mind that this is specifically stating  
7 the State process. I have not included in here the  
8 actual Board process where we develop the scope of work  
9 and the agenda item for award.

10 The next method is the RFP or Request For  
11 Proposal. Typically an RFP is used to secure services  
12 calling for technical and professional skills and  
13 expertise. Most board solicitations use this process.  
14 Generally the RFP solicitation process seeks to answer  
15 the following: Here's what we want to accomplish; here  
16 are the qualification requirements, performance  
17 specifications, time frames, and other requirements that  
18 must be met; and how would you accomplish the job for us  
19 and how much.

20 Typical types of RFPs within the Board include  
21 recently approved scrap diversion at high-volume sites  
22 and landfill facility compliance study.

23 The RFP is used when necessary to evaluate  
24 bidders' qualifications as well as price. When  
25 soliciting through the RFP, the Board describes

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1 qualification requirements, performance specifications,  
2 time frame and others. The contractors or proposers  
3 submit proposals describing how they would accomplish the  
4 job.

5           There are two types again, as I mentioned  
6 earlier. There's a primary and a secondary method. The  
7 primary evaluation method requires that proposers submit  
8 proposal and bid in separate envelopes. The proposal is  
9 evaluated with a scoring criteria, minimum score, and  
10 higher qualified, and bids of qualifying proposals are  
11 publicly opened. The award is made to the lowest cost  
12 proposer. Again, this is the primary method.

13           The secondary evaluation method is the point  
14 count or high score method. It is limited to those  
15 instances when the Board is seeking a unique solution to  
16 a problem or situation that cannot necessarily be  
17 resolved by the lowest cost responsible proposers. The  
18 methods, approaches and procedures to be used in  
19 performing the work, rather than the cost, are of primary  
20 importance.

21           The proposal is evaluated by a panel on weighted  
22 scoring criteria that includes cost. The award is made  
23 to the responsible proposer whose proposal is given the  
24 highest score. This is a method that is rarely used.  
25 However, we did within the last six months use it, and it

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1 was with regards to the public relations campaign.

2 Susan Villa is going to address the Request For  
3 Qualifications piece.

4 MS. VILLA: Susan Villa, the manager of the  
5 Business Administration Office.

6 The Request For Qualifications process are used  
7 for architectural- and engineering-type services. The  
8 Board uses this type of contracting process for obtaining  
9 contractors for our tire cleanup activities and our  
10 closed or illegal abandoned solid waste sites cleanup  
11 activities.

12 This contracting process emphasizes  
13 qualifications over cost, and to use this process an  
14 organization is required to develop regulations for  
15 implementing the process. The Board's regulations  
16 specific to this process are found in Title 14, Article  
17 2, Sections 17020 through 17029.

18 Competitors submit their statements of  
19 qualifications responding to the Board's Request For  
20 Qualifications document. And once those are received, a  
21 panel of board staff and sometimes we invite  
22 professionals from other organizations outside the Board  
23 to sit on the panel to score and rank the statements of  
24 qualifications. Once that is completed the top three  
25 highest ranking firms are asked to come for a follow-up

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1 discussion and sometimes a presentation to further help  
2 us evaluate their qualifications.

3           The selection of the contractor is based on  
4 professional qualifications necessary to satisfactorily  
5 perform the services at a fair and a reasonable price.  
6 Once the highest ranking firm is determined, the Board  
7 negotiates with that firm on agreeable rates. And I  
8 wanted to highlight that some of the rates that we use  
9 are already set for us. We are required in this process  
10 to use prevailing wage rates, and for the equipment  
11 rental rates we use rates established by the Department  
12 of Caltrans.

13           That leads into the negotiation stage, really  
14 negotiating the percentage of mark-up on their  
15 administrative or office personnel as how the negotiation  
16 piece follows. Once we reach agreeable terms with the  
17 highest ranking firm, then we enter into an agreement.  
18 If for some reason we were not able to do that, we would  
19 discontinue those negotiations and move on to the next  
20 highest ranking firm to begin negotiations with them  
21 until we met in agreement with them.

22           One of the questions that came up in -- I  
23 believe it was at the June board meeting, was there a way  
24 to factor in a cost aspect to this proposal, and the  
25 Request For Qualifications is really, as I stated

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1 earlier, we're looking for qualifications over cost, but  
2 we did get together and try to brainstorm some options  
3 for incorporating a cost aspect. And one of those would  
4 be to try to incorporate some kind of a way of capturing  
5 that markup percentage and so that's just one of the  
6 options that we came up with during this -- the  
7 development of this item.

8 MS. JORDAN: Thank you, Susan.

9 CHAIR MOULTON-PATTERSON: Thank you.

10 MS. JORDAN: We'll continue.

11 The next one is the Master Agreements for  
12 Services, the MSA or the CMAS. We've included it under  
13 the competitive bidding process simply because it is  
14 competitively bid by the Department of General Services  
15 for use by state agencies. The reason it's done so is  
16 because Master Agreements take advantage of the State's  
17 large buyer power. Instead of each state agency going  
18 through and competitively bidding, the State's General  
19 Services competitively bids one contract with a firm,  
20 competitively bids with several firms, ends up with one  
21 contract that all state agencies can utilize for  
22 services. And there is a master listing and a CMAS  
23 listing. And Susan, will you help me with that acronym?

24 MS. VILLA: California Multiple Award Schedule.

25 MS. JORDAN: Thank you.

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1           Prices are often less than a single agency could  
2 obtain on its own, and that is another reason why DGS  
3 does it statewide. Use of these agreements allow us to  
4 contract with prequalified contractors at predetermined  
5 prices. This eliminates the need for us to formally bid  
6 the contract and we can quickly and easily obtain  
7 services and avoid delay and uncertainty of the bid  
8 process. An example, maybe Susan you can help me out  
9 here.

10           An example of some of the Master Service  
11 Agreements we might use would include -- one in  
12 particular is court reporting services. A second one for  
13 the CMAS would be --

14           MS. VILLA: Most of the CMAS agreements that we  
15 do have to have an information technology aspect to them.

16           MS. JORDAN: Thank you.

17           I'm going pretty fast. Are there any questions.

18           The next section is with regards to the  
19 Department of General Services and their contract  
20 oversight. Basically they're required to review and  
21 approve most contractor awards with certain statutorily  
22 authorized exemptions. The contract approval by DGS  
23 serves to assist state agencies by assuring effective  
24 compliance with the applicable laws and policies  
25 concerning the fiscal interest of the State and

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1 prevention and provident acts, applying contract  
2 knowledge and legal expertise prior to final approval of  
3 the contract.

4           With regards to the contract award protest  
5 procedures, specifically those address the Invitation For  
6 Bid, or the IFB, and the Request For Proposal, the RFP.  
7 DGS is charged with that responsibility of resolving  
8 contract award protests for contracts selected through  
9 the IFB or RFP processes. The grounds for protest are  
10 for the IFB: The lowest responsible bidder meeting the  
11 contract specifications was not awarded the contract;  
12 for RFPs, the agency incorrectly scored the proposal or  
13 incorrectly followed the procedures specified in the  
14 Public Contract Code. In this instance, the protester  
15 bears the burden of proof that the awarding agency  
16 committed an error in the bid award process sufficiently  
17 material to justify invalidation of its proposed award or  
18 that its decisions are lacking a rational basis.

19           With regards to the RFQ or Request For  
20 Qualifications, because of the unique and specialized  
21 nature of the services solicited under this process,  
22 state law does not require an appeals process allowing  
23 unsuccessful proposers to challenge the award.  
24 Therefore, this Board does not have an appeal process at  
25 this time.

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1           That relates directly back to what Susan was  
2 specifically citing in regards to the Public Resources  
3 Code. However, should the Board elect to provide an  
4 appeal process, it has a couple of options. One is to  
5 authorize the Department of General Services to resolve  
6 those Board RFQ protests. They are available to consider  
7 these kinds of protests. However, they lack the  
8 jurisdiction unless specifically authorized by the Board  
9 to do so.

10           Option two, establish through regulations an  
11 internal Board protest procedure. If the Board were to  
12 establish an internal protest procedure, it would require  
13 regulations prior to implementation.

14           With that, Susan, do you have anything else to  
15 add?

16           MS. VILLA: That concludes my presentation also.

17           MS. JORDAN: So we're available to take  
18 questions.

19           CHAIR MOULTON-PATTERSON: Thank you very much,  
20 Ms. Jordan. Before we go to questions or discussions, I  
21 would just like the record to reflect that Senator  
22 Roberti was present. And Senator Roberti, did you have  
23 any ex partes?

24           BOARD MEMBER ROBERTI: I'm up to date. Thank  
25 you.

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1           CHAIR MOULTON-PATTERSON: One thing I forgot to  
2 say at the beginning of the meeting, members of the  
3 audience, if you would like to speak on a particular item  
4 there are speaker forms at the back of the room. And if  
5 you could give them to Ms. Villa up here, she'll give  
6 them to us.

7           Questions or discussion on Item 1?  
8 Mr. Paparian.

9           BOARD MEMBER PAPARIAN: The issue of setting up  
10 the appeals process that you just mentioned at the end.

11          MS. JORDAN: Yes.

12          BOARD MEMBER PAPARIAN: Is this an issue that we  
13 really need to look at or is there a clamoring of  
14 interest in appealing?

15          MS. JORDAN: No. It doesn't appear so, but  
16 there was an interest of the Board just to take a look at  
17 why we don't have an appeals process and to assure that  
18 the appropriate -- the award is going to the appropriate  
19 contractor.

20          BOARD MEMBER PAPARIAN: Have we ever had someone  
21 who wanted to appeal and they couldn't because there's no  
22 process that you're aware of?

23          MS. JORDAN: I'll let Susan speak to that.

24          MS. VILLA: I don't believe we've received  
25 anything official in the form of a protest. There were

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1 some questions that came up.

2 BOARD MEMBER PAPARIAN: Thanks.

3 CHAIR MOULTON-PATTERSON: Any other questions?

4 Okay. Thank you very much. It was very informative. We  
5 appreciate it.

6 MS. JORDAN: Thank you.

7 CHAIR MOULTON-PATTERSON: Item 2, consideration  
8 of approval for fiscal year 2000-2001 consulting and  
9 professional services concepts and consideration of  
10 approval of the reallocation provision 1 RMDZ funding.

11 MS. JORDAN: Thank you, again. Terry Jordan.

12 Susan Villa will present this item. However, I  
13 would just like to make some introductory remarks.

14 I'd like to advise the Board that the intent of  
15 Item 2 is to bring the 2000 and 2001 consulting and  
16 professional services concepts before the Board for  
17 allocation. Executive staff have provided some  
18 recommendations and merely options or opinions for the  
19 Board, and they're related to the IWMA and the RMDZ  
20 concepts and related funding.

21 Currently as Susan goes through the actual item,  
22 it will reflect that the IWMA account has approximately  
23 \$551,000 of discretionary services to be allocated today.  
24 In addition, the available savings in the RMDZ fund  
25 provision 1, both 1998-99 and 99-2000 fiscal years have

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1 some savings for reallocation. That savings equates to  
2 approximately \$379,550.

3 I would also like to make the statement that the  
4 previously allocated priorities for fiscal year 99-2000  
5 with the exception of available savings have had  
6 significant work and time invested to developing the  
7 concepts to the point of bringing them before the Board  
8 for award. The Board will hear one or two of these items  
9 in this board meeting today or tomorrow.

10 Not discussed in the item but theoretically it  
11 should have been placed in there -- and I apologize for  
12 that -- is the \$100,000 in the 1998-99 RMDZ funding.  
13 That in addition to the \$279,550 that is available in the  
14 1999-2000 makes up that total of \$379,550.

15 With that, I'll turn it over to Susan Villa.

16 BOARD MEMBER EATON: Could I ask one question  
17 just for framework? I'm not sure what we're doing here  
18 today because I got a lot of pieces of paper. You said  
19 we've got \$551,000. I believe you said it was in the --

20 MS. JORDAN: IWMA account.

21 BOARD MEMBER EATON: Okay. Now, is that all  
22 that's left or is that a portion of the IWMA that at some  
23 point we're going to have another allocation?

24 MS. JORDAN: That's what is available in  
25 discretionary funds for allocation.

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1           BOARD MEMBER EATON: What's available other than  
2 that?

3           MS. JORDAN: The RMDZ funds.

4           BOARD MEMBER EATON: No, no. In the IWMA.

5           MS. JORDAN: In the IWMA?

6           BOARD MEMBER EATON: When you say discretionary,  
7 we haven't made any other allocation of the IWMA funds  
8 this year.

9           MS. JORDAN: That's true. But if you recall, we  
10 went through a budget briefing with each of the  
11 individual Board Members probably two or three months  
12 back, and in that briefing we related our beginning  
13 balance for this fiscal year, the state operations that  
14 are against that, the mandatory services, which Susan  
15 will also get into the mandatory services -- the BCP  
16 implementations and the direct program implementations  
17 that are set aside for RMDZ, but those pieces equate to a  
18 total bottom line of \$551,000 discretionary.

19           BOARD MEMBER EATON: So we won't be coming back  
20 in a month or two months or three months and allocating  
21 more money out of this fund because previously -- what I  
22 want to make sure of is that we're not piecemealing here.  
23 It's really difficult for a Board to set priorities if  
24 money is at a premium and have you allocate half a  
25 million now and then come back and do \$1.8 and say why

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1 don't we allocate X, Y and Z. I just want to make sure.  
2 You say we have no discretion with regard to the  
3 remaining monies in the IWMA.

4 MS. JORDAN: Unless there's savings in other  
5 contract issues that you let here during the year. That  
6 would be a reallocation. We're working within our  
7 expenditure authority.

8 BOARD MEMBER EATON: Right. I'm just saying  
9 we're going to get no other discretionary money as it  
10 relates to IWMA money; correct?

11 MS. JORDAN: Correct.

12 BOARD MEMBER EATON: Okay. Then the RMDZ, when  
13 you say savings, is that that wasn't used or is in the  
14 process? Because --

15 MS. JORDAN: No. It's actual savings available.  
16 There are three -- let me explain this. There are three  
17 items in regards to the savings. One was the technical  
18 error in 1998-99.

19 BOARD MEMBER EATON: That's \$100,000; right?

20 MS. JORDAN: That's \$100,000. There are three  
21 items or three concepts with regards to the savings for  
22 99-2000 which is \$279,550. The first is \$200,000 for  
23 concept 1314, which was the media campaign that was  
24 canceled. Concept 55 is in relation to the available  
25 balance of the deconstruction grants that will be coming

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1 forward to the Board within this board meeting. There's  
2 only \$1,550 that's available there.

3 In the May reallocation, Item 33, there was an  
4 item that was approved called the recycling economic  
5 information project for \$78,000. That has been directed  
6 to the RMDZ direct program implementation funding which  
7 is the component of contractual funds for the loan  
8 program. So that is now available in 99-2000. So of  
9 those three that makes up the \$279,550.

10 BOARD MEMBER EATON: What I'm trying to get at  
11 is a week or so ago the Board Members got this. What is  
12 current on this list. Are we still trying to take money  
13 away from the model schools?

14 MS. JORDAN: No. There's three items that I  
15 just mentioned.

16 BOARD MEMBER EATON: Okay. That's what I'm  
17 trying to get at. I just want to find out --

18 MS. JORDAN: In fact, Susan's put it up on the  
19 board. That is all that's currently available.

20 What I mentioned earlier about the significant  
21 time and resources that have been invested in the other  
22 projects, they are still continuing and they're going to  
23 be coming forward to the Board and at this time what  
24 we're addressing is the actual available savings.

25 BOARD MEMBER EATON: And with regard to the

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1 RMDZ --

2 MS. JORDAN: Yes.

3 BOARD MEMBER EATON: -- are we going to be  
4 allocating any money at the latter part of this year?

5 MS. JORDAN: Yes.

6 BOARD MEMBER EATON: That is a partial  
7 allocation of the RMDZ monies.

8 MS. JORDAN: If there's any additional savings  
9 we would come back with a reallocation.

10 BOARD MEMBER EATON: So the RMDZ is only  
11 savings?

12 MS. JORDAN: Yes. Because of this year's budget  
13 act in the loss of provision 1 for RMDZ.

14 BOARD MEMBER EATON: What do you mean this year?

15 MS. JORDAN: This fiscal year.

16 BOARD MEMBER EATON: This fiscal year.

17 MS. JORDAN: 2000-2001.

18 BOARD MEMBER EATON: Okay. So that's what I'm  
19 trying to get at. We have no more allocation --

20 MS. JORDAN: That's correct.

21 BOARD MEMBER EATON: -- with regard to the RMDZ.

22 MS. JORDAN: Yes.

23 BOARD MEMBER EATON: That's just what I'm trying  
24 to get. I'm just trying to set what pot of money we as a  
25 Board have some ability to influence or not influence as

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1 the case may be. Thank you. That helps.

2 MS. VILLA: Chair, Board Members, I'm Susan  
3 Villa of the Business Administration Office and I'm here  
4 to present Item Number 2 as TJ stated earlier. Before we  
5 get into the real meat of the item, I just wanted to  
6 highlight some of the earlier attachments and how we got  
7 to kind of this process.

8 In 1994 the Board approved kind of a two-prong  
9 approach to how our contract process goes, the first part  
10 being the identification of our ministerial-type  
11 contracts. Those are found in Attachment A, which are  
12 the mandatory services contracts that are usually --  
13 these are annual renewal-type contracts. And Attachment  
14 B is our listing of BCPs approved in the Governor's  
15 budget, and those fundings are specific to those  
16 projects. And then Attachment C is the direct  
17 implementation funding of the Recycling Market  
18 Development Zone loan program, and those activities are  
19 specific to the implementation of the loan program.

20 And just to highlight, on Attachment C one of  
21 the concepts that originally came forward as an RMDZ  
22 concept for 2000-2001 was actually found to be applicable  
23 to the RMDZ direct implementation piece and it was moved  
24 into this category which actually freed up some of the  
25 savings that we'll be hearing a little bit later,

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1 99-2000.

2           So that's just kind of an overview of the  
3 ministerial-type processes, Attachments A, B and C, and  
4 if you have any questions on those before we move into  
5 the more meat of the item, I would take those questions.

6           Then the next section is Attachment D, and this  
7 is where -- these are the discretionary concepts received  
8 for the Integrated Waste Management Account and this is  
9 the action before the Board to make an allocation.

10           I handed out to you a little bit earlier was a  
11 revised Attachment D, just the front page, summarizing  
12 that. At the briefing the Board Members asked that  
13 executive staff come up with a recommendation that was a  
14 little bit more conservative providing an option for a  
15 reserve, and so that's what you'll see in the handout  
16 that was given to you just now.

17           This is the time to where we can just start  
18 working our way through an allocation process for the  
19 Integrated Waste Management Account and we can keep a  
20 running total on proposals for the allocation. I'll just  
21 start at the top of the list.

22           BOARD MEMBER JONES: Madam Chair.

23           CHAIR MOULTON-PATTERSON: Yes, Mr. Jones.

24           BOARD MEMBER JONES: I want to address the Board  
25 Members on an issue that's come up.

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1           In the Board briefings last week, we talked  
2 about some problems with base year numbers and issues  
3 like that. As early as yesterday or as late as yesterday  
4 I was getting calls from consultants who were expressing  
5 concern that they may have to go back to cities that  
6 they're contracting with to revise numbers because in  
7 fact, if we don't find that garbage weighs 115 pounds a  
8 cubic yard, which according to USEPA it doesn't, then  
9 we're going to have a real problem.

10           I bring this up in this issue because we're  
11 talking about discretionary funds. We're also talking  
12 about something that's the heart of this organization  
13 which is trying to quantify success locally by  
14 jurisdictions in both programs and numbers. If you look  
15 at what we went over last week in the guide, numbers that  
16 are being used for purposes of extrapolation at 115  
17 pounds per cubic yard, in fact through the EPA those  
18 numbers are between 150 and 300 pounds per cubic yard and  
19 300 and 600 pounds per cubic yard.

20           What that means when you look at source  
21 reduction is if people follow a line that this is normal  
22 generation and we start underestimating through  
23 extrapolation the number for disposal at here, then this  
24 piece in between becomes source reduction. Now, we  
25 approved a city -- the national average is 11 percent.

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1 We approved a city that had almost 45 percent source  
2 reduction based on 120 pounds per cubic yard.

3           So I would like to interest Board Members into  
4 thinking about not allocating all this money but in fact  
5 allocating to some of the items and keeping money for --  
6 if we need to spend it with somebody else to verify what  
7 these numbers mean. We want to put out a waste  
8 characterization and a diversion guide, and if the  
9 numbers are flawed and we end up at 80 million tons  
10 generation in the state of California so that we can show  
11 50 percent diversion, we have done a disservice not only  
12 to the people of California but to those people who have  
13 honestly invested money into an infrastructure to try to  
14 recycle this material. You can't do it with a pencil.

15           So I would propose that there are issues that  
16 need to be dealt with. I think the mine reclamation  
17 survey needs to be dealt with at \$50,000. I think the  
18 recycling trade show needs to be dealt with at \$50,000.  
19 I think the universal waste management needs to be dealt  
20 with.

21           For those of you who don't know what universal  
22 waste management is, universal wastes include batteries,  
23 fluorescent light bulbs, thermometers, thermostats that  
24 are commonly thrown in the garbage but yet it's excluded  
25 because it's hazardous waste. So we're going to have to

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1 come up with a protocol to both deal with large quantity  
2 generators and small quantity generators. We need to  
3 have dollars in our funds to do that.

4           The Cal Max WRAP, automatic \$21,666, and I think  
5 the interactive web pages for schools, that's \$221.66,  
6 and if anybody notices I did not include my own item  
7 which I feel very deeply about which is landfill operator  
8 certification, but I didn't include it in front because  
9 that's how critical I think this is to the integrity of  
10 the numbers.

11           I am absolutely scared to death that we have  
12 made a miscalculation that is going to make California a  
13 laughing stock instead of a leader. And until we get to  
14 the bottom of that number, I don't think it's prudent for  
15 this Board to spend discretionary dollars when we may  
16 have not have any choice other than to verify that the  
17 numbers that we have spent already have been spent  
18 accurately.

19           CHAIR MOULTON-PATTERSON: Mr. Eaton.

20           BOARD MEMBER EATON: Could you repeat those  
21 numbers? I had Item Number 5 that was on your list.

22           BOARD MEMBER JONES: Item 5 for \$50,000, 16 for  
23 \$50,000.

24           BOARD MEMBER EATON: So that's in the --

25           BOARD MEMBER JONES: It's all on the same page.

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1           BOARD MEMBER EATON: I got you. I'm trying to  
2 get --

3           BOARD MEMBER JONES: Sure. I think I went right  
4 down the list.

5           BOARD MEMBER EATON: I'm just trying to make  
6 sure. And the interactive page, was that --

7           BOARD MEMBER JONES: Interactive page for  
8 \$50,000 and Cal Max WRAP for \$2,166.

9           BOARD MEMBER EATON: Thank you. I want to make  
10 sure what I'm looking at. That's just as it relates to  
11 the IWMA; correct?

12           BOARD MEMBER JONES: That's just as it relates  
13 to the IWMA. What that does is it allows us to keep a  
14 balance, which we have until June to spend, of \$229,000,  
15 which we may have to spend to see what the flaw is in  
16 this number or what about the cities that have spent  
17 \$100,000 based on this formula and when they go from 125  
18 pounds to 300 pounds or 270 pounds, which is the norm,  
19 and their diversion rate goes from 60 percent down to 30  
20 percent, we're going to have some angry cities, that we  
21 may want to assist them in trying to figure out what is  
22 going on here. Yes.

23           BOARD MEMBER ROBERTI: I have a question.

24           CHAIR MOULTON-PATTERSON: Senator Roberti.

25           BOARD MEMBER ROBERTI: As I understand what

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1 you're -- another way of looking at what you're saying,  
2 Steve, is we haven't appropriated any money in these  
3 accounts out of our general funds for diversion study and  
4 that's the big issue we're dealing with this year.

5 BOARD MEMBER JONES: We actually have but it may  
6 be flawed. We have a waste characterization page on the  
7 web that says garbage weighs 84.4 pounds per cubic yard,  
8 and yet we have an EPA study that says it weighs between  
9 150 and 600 pounds per cubic yard. I don't know how we  
10 can be off by a factor of that much.

11 BOARD MEMBER ROBERTI: Well, then my question of  
12 staff -- assuming -- but we -- when the garbage goes to  
13 the landfill, it's weighed; is it not?

14 BOARD MEMBER JONES: Yes.

15 BOARD MEMBER ROBERTI: Or is it measured by  
16 cubic yard?

17 BOARD MEMBER JONES: It's weighed in most cases.

18 BOARD MEMBER ROBERTI: So then my question is --  
19 let me understand this. What difference does it make  
20 what EPA or our own study says what the weight is per  
21 cubic yard since we don't count it by cubic yard, which  
22 is something I think we ought to do, but we don't appear  
23 to do that. So if it's weighed fresh at -- if it's  
24 weighed at the landfill.

25 BOARD MEMBER EATON: Fresh garbage. It was a

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1 song by Spirit in 1972.

2 (Laughter)

3 BOARD MEMBER ROBERTI: If it's weighed at the  
4 landfill freshly, what -- does that make a difference?  
5 Maybe that's the better one.

6 BOARD MEMBER JONES: It's the only accurate  
7 number that we see. The Disposal Reporting System number  
8 is a hard number. The recycling -- but what they do, if  
9 you look how we see our items, they say this much was  
10 hauled by the hauler, this much was hauled by self-haul.

11 BOARD MEMBER ROBERTI: Yeah.

12 BOARD MEMBER JONES: We had an item that we  
13 pulled because the exclusive hauler for a jurisdiction,  
14 exclusive, hauled 22,000 tons. Self-haul by this  
15 methodology hauled 29,000 tons. So self-haul, which  
16 could be pickup trucks --

17 BOARD MEMBER ROBERTI: I understand.

18 BOARD MEMBER JONES: -- roofing trucks, hauled  
19 more than garbage trucks. That can't give people a sense  
20 of comfort.

21 BOARD MEMBER ROBERTI: I understand. I  
22 understand. I understand your point, but I'm trying to  
23 figure out now how do we get this miscalculation? It  
24 doesn't strike me that it is because there are different  
25 formulas as to the weight, the weight of garbage per

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1 cubic foot or whatever. It's because of some  
2 misstatement in the calculation, then. Maybe it's  
3 because somebody at the landfill weighed it incorrectly,  
4 but I don't understand -- I don't understand your point  
5 where these different factors as far as weight and volume  
6 make a difference as far as how much weight when it's the  
7 landfill. I'm trying to figure it out.

8 BOARD MEMBER JONES: The weight that goes into  
9 the landfill is a constant number. It's when you

10 extrapolate out by the businesses and you count the  
11 number of containers and the number of pickups.

12 BOARD MEMBER ROBERTI: We have a process whereby  
13 we extrapolate.

14 BOARD MEMBER JONES: But we may have endorsed  
15 it.

16 BOARD MEMBER ROBERTI: How did we endorse that?

17 BOARD MEMBER JONES: Through our study. That  
18 it's an acceptable method for them to come up with the  
19 number.

20 BOARD MEMBER ROBERTI: For the cities to come up  
21 with -- for the jurisdictions to come up with a number  
22 they can extrapolate by some kind of volume --

23 BOARD MEMBER JONES: Right.

24 BOARD MEMBER ROBERTI: -- amount. Do we use  
25 that at all in our official calculations?

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1           BOARD MEMBER JONES: That's what we've been  
2 seeing here recently, and the problem with it is --

3           BOARD MEMBER ROBERTI: I understand your point.

4           BOARD MEMBER JONES: -- that we need to get to  
5 the bottom of it because they may be right.

6           BOARD MEMBER ROBERTI: Well, somebody's right  
7 but somebody's wrong if there's two incorrect numbers,  
8 two different numbers is what the average weight of  
9 volume is. Can anybody tell me what are the various  
10 jurisdictions that have come before us with their  
11 diversion numbers, wanting them to be approved, to have  
12 used this extrapolation system that Steve Jones is  
13 speaking to whereby volume is translated into weight?

14          BOARD MEMBER JONES: We have two that we pulled.

15          MR. SCHIAVO: Good morning. Pat Schiavo of the  
16 Diversion, Planning and Local Assistance Division.

17               Of the approximately 60-something base years,  
18 new base years that have been approved by the Board, I  
19 believe there's been probably about 12 to 15 that used  
20 that extrapolation method. Most of them have been pretty  
21 recent.

22          BOARD MEMBER ROBERTI: When did we establish a  
23 policy to do that?

24          MR. SCHIAVO: We -- there's never been really  
25 explicit policy regarding what methodology to apply.

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1           BOARD MEMBER ROBERTI: What weight number did we  
2 use? Our own? I guess our own, but EPA's is different.

3           MR. SCHIAVO: There's two ways of looking at the  
4 weight and I think some of the confusion enters into this  
5 part of the equation. One is you look at an actual bin  
6 density versus actual density of the waste. From my  
7 understanding, although there's been a lot of confusion  
8 regarding this because I've heard mixed comments, is that  
9 this is supposed to be applying actual bin weight, not  
10 actual densities calculated to the bins. It starts  
11 getting pretty technical, but that's where there's a lot  
12 of confusion regarding this method.

13           So for instance if you use the 115 pounds, I've  
14 heard that it's applied, and when you use a  
15 three-cubic-yard bin, you take 115 pounds times a  
16 three-cubic-yard bin and it's estimated there are 345  
17 pounds in that particular bin.

18           BOARD MEMBER ROBERTI: That's our -- that's the  
19 figure that we generally use in estimating the weight  
20 of --

21           MR. SCHIAVO: Weight never -- well, in the  
22 characterization --

23           BOARD MEMBER ROBERTI: Where did we get this  
24 figure, 345 pounds?

25           MR. SCHIAVO: It's based on the characterization

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1 study which was used for a different purpose, as well as  
2 apparently some estimated bin weights in Southern  
3 California.

4 BOARD MEMBER ROBERTI: Now, I'm told that -- is  
5 that federal EPA or has a different weight number?

6 MR. SCHIAVO: The federal EPA weight is based on  
7 the density of the material itself. So for instance --  
8 what it's saying, for instance, is that a  
9 three-cubic-yard bin, if it's full at capacity, could  
10 weigh approximately 600 pounds. So it's looking at  
11 capacity where this other is looking at just the weight  
12 of what's in the bin itself, but again I've been --

13 BOARD MEMBER ROBERTI: But I understand you told  
14 me that we are -- that some jurisdictions are coming and  
15 trying to extrapolate their diversion rate by using the  
16 number of bins or volume that is going to a landfill. Am  
17 I reading -- and then using a formula to come up with  
18 weight, I guess, and using that from a base year and then  
19 we build onto that base year. Am I correct?

20 MR. SCHIAVO: The way it's applied is a survey  
21 is done of a business and you find out how much diversion  
22 took place at that particular business, and you sample a  
23 couple of hundred businesses, then you look at the  
24 average amount of disposal from those same businesses.

25 You get the diversion rate from that sampling of

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1 let's say 200 businesses and then that is applied to the  
2 rest of the population. There's two major issues here.  
3 One is the weight itself and two is the sampling  
4 methodology.

5 BOARD MEMBER ROBERTI: Well, I can't -- well,  
6 first in response to Mr. Jones's observations, I think  
7 you're absolutely right. I think we have to set some  
8 money aside out of our general fund so that we can figure  
9 it out. I hate to be brutally honest. So we can figure  
10 it out. And number two, just on an aside, we only have  
11 \$550,000 available anyway and we're spending \$569,000  
12 according to the staff recommendation. So we're over  
13 budget right now anyway without even an allotment per the  
14 Jones recommendation.

15 And number three to my colleagues, we have to  
16 really work triply hard to simplify this counting. I was  
17 hoping over the past year that we had been doing that and  
18 now it appears that we -- now have a new method of  
19 extrapolating weight, hence diversion, and that is by  
20 measuring volume even though we don't really measure  
21 volume and then multiplying that by some factor which is  
22 in total disagreement to what the value is as to what the  
23 diversion rate is.

24 We have to begin to restrain and discipline  
25 ourselves to have only one or two methodologies and to

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1 make them simple, but what is happening is enterprising  
2 consultants are coming before us, coming with all kinds  
3 of arguments, and it appears we do not see the other  
4 options involved. So the enterprising consultant says,  
5 "My goodness. If we extrapolate this way, we're at  
6 nirvana," except none of these figures are agreed upon.  
7 And we're measuring volume without measuring volume and  
8 frankly I think we should measure volume. As far as the  
9 conserving the landfill space it makes a lot more sense  
10 than weight, but that's another issue for another day.

11 We're adding complexity onto complexity, and I  
12 am absolutely disheartened that we now have another  
13 method of computing diversion, it appears, by volume  
14 times X or volume times Y. We don't know whether it's X  
15 or Y that's correct. This can't be.

16 BOARD MEMBER JONES: Senator, we may be able to  
17 get to the bottom of that. That's what I'm hoping. How  
18 do you feel about the numbers that I put out there?

19 Mine reclamation -- because I know our dignitaries are  
20 here and I think it's critical that we move, but --

21 CHAIR MOULTON-PATTERSON: If we'd like to wrap  
22 this up, we can. Otherwise, I'd really like to break and  
23 recognize our dignitaries. Mr. Paparian, did you have a  
24 quick remark and we'll see if we can get some closure? I  
25 don't want to rush anyone on this item, though.

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1           BOARD MEMBER PAPARIAN: I think my remarks might  
2 lead to more discussion. Maybe we need to ponder this a  
3 little bit and get to it, but I'm very supportive of  
4 setting aside a big chunk of money for this.

5           BOARD MEMBER JONES: The issues that you have,  
6 would they be compromised if I brought this forward as a  
7 motion?

8           BOARD MEMBER PAPARIAN: No.

9           CHAIR MOULTON-PATTERSON: Mr. Medina.

10          BOARD MEMBER MEDINA: I would have to listen to  
11 the motion before taking any action. I think the issues  
12 that have been raised are such that this does merit  
13 review. I don't know if I'm ready to vote on a motion at  
14 this point, but I am willing to listen to it.

15          CHAIR MOULTON-PATTERSON: Thank you.

16          Mr. Jones, I agree. Your points are very well  
17 taken, but I'm very glad that you did include the  
18 interactive web page for the schools. I think that's  
19 critical in my thinking, but I really think at this point  
20 because there's still people that want to speak on it, if  
21 we could just take a break in this agenda item and I will  
22 be -- first of all, I'd like to welcome Secretary Hickox.  
23 We're so glad that could you join us here today, and I'd  
24 like to turn it over to Board Member Jose Medina who has  
25 brought this opportunity forward to us.

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1           Mr. Medina.

2           BOARD MEMBER MEDINA: Thank you, Chair  
3 Moulton-Patterson. And we have some very distinguished  
4 visitors with us here today. Secretary Hickox was  
5 already introduced. We also have a distinguished visitor  
6 from Mexico, the Secretary of Education for the State of  
7 Baja California and that's Mr. Secretary Gomez-Morin. He  
8 has some other members with him that he will present.

9           And before we go on with the program involving  
10 Secretary Morin, which will be headed off by our own  
11 Secretary Hickox, I would just like to say a few words  
12 about California's relationships with Mexico. The fact  
13 that we're united by more than a common border, we know,  
14 for example, that California exports to Mexico presently  
15 more than 14.9 billion on a yearly basis and the passage  
16 of NAFTA has created the more than 100,000 jobs in  
17 California.

18           And as Governor Davis has pointed out several  
19 times, the border has turned into a vital center for the  
20 new global marketplace. And if you had any opportunity  
21 to visit the border recently, I think you would be amazed  
22 at the amount of interaction and the amount of economic  
23 development that's taking place on both the Mexico side  
24 of the border and on the California side of the border.

25           So this meeting here today gives us another

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1 opportunity to elevate an effective working relationship  
2 with Mexico. In fact, the Waste Board has had some  
3 ongoing efforts in promoting environmental concerns of  
4 both Mexico and California along the border. We've had,  
5 for example, Chairman Eaton made a visit to Mexico to  
6 look at the waste tire situation. Secretary Hickox,  
7 along with some of the staff that are here and myself,  
8 attended a couple of conferences in regard to  
9 environmental issues and concerns along the border, and  
10 we are going to hear from one of our staff persons in  
11 regard to an educational project that has been worked on  
12 by both our staff here at the Waste Board and the person  
13 of Paulino Luna and also Secretary Morin and some of his  
14 staff over in Mexico.

15 I think what's particularly noteworthy is some  
16 of the activities that have taken place and I'd like to  
17 say a few words on behalf of our own staff member,  
18 Paulino Luna, because he has been working very closely  
19 with counterparts over on the Mexican side of the border.  
20 For example, I would just like to mention a couple of  
21 things that he did.

22 He put together two solid waste courses for  
23 graduate students at the Autonomous University of Baja  
24 California. He's been distributing source reduction and  
25 recycling information to most Mexican border states,

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1 especially to those agencies dealing with solid waste  
2 management. Lessons have been adapted and extracted from  
3 the Board manual known as "Closing the Loop." Paulino  
4 Luna has been working with Secretary Gomez-Morin and  
5 teachers on the Mexican side since 1998 and will tell us  
6 more about his presentation.

7 I believe all of the above will only increase  
8 level of cooperation between Cal/EPA, our Board, and the  
9 Secretary of Education for Baja California. I have asked  
10 Paulino to continue with the blessing of the Board to  
11 focus on these opportunities of cooperation. And  
12 Secretary Gomez-Morin, I would like to say that our  
13 agency looks forward to participating with you in an  
14 effort to promote environmental education in both  
15 California and Baja California.

16 With that, I'm going to turn the program over to  
17 Secretary Winston Hickox, who is accompanied by Ricardo  
18 Martinez, the Assistant Secretary for Border Affairs.

19 Secretary Hickox.

20 MR. HICKOX: Thank you, Member Medina and all  
21 the Members of the Integrated Waste Management Board.  
22 I'm pleased to be here. Secretary Gomez-Morin, welcome  
23 to California. I'm glad that you and your staff were  
24 able to join us today. On behalf of the Governor of the  
25 State of California, I also welcome you here today and

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1 I'd like to say a few things about the Governor and his  
2 views about the subject matter at hand today.

3           First of all, as you know when the Governor took  
4 office, he made it a clear statement of one of his  
5 primary objectives being to improve relations with  
6 Mexico, and in doing that he made visits to Mexico and he  
7 talked with the leadership of your country about the  
8 important issues that face both Mexico and the State of  
9 California. In addition, he asked that I place as a high  
10 priority dealing with border pollution issues, and to  
11 that end I've established an office in the Office of the  
12 Secretary to deal with border-related issues. And  
13 Ricardo Martinez and Paulino are a couple of the people  
14 that have worked on this subject for me over the last  
15 year and a half, and we've made real progress.

16           But in addition, the Governor has continually  
17 said that issue number one, number two and number three  
18 of most importance to him is education. So it is an  
19 extraordinary opportunity to have the chance to talk to  
20 you, an official of your stature and your subject matter  
21 expertise, because education is the key to our efforts to  
22 improve the environment of the border region.

23           We need to work together with you to develop  
24 materials that we can use in the schools on both sides of  
25 the border so that the next generation will appreciate

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1 the problems that we face and how we can best go about  
2 solving them.

3           So again, I want to welcome you here to  
4 California. I look forward to working with you in the  
5 future and in solving the problems of pollution on the  
6 border and I very much appreciate your willingness to  
7 come to Sacramento and to meet with us today and talk to  
8 us about this subject. So welcome to you and your staff.

9           (Applause)

10           BOARD MEMBER MEDINA: Before we go on with the  
11 presentation that's going to be made in regard to the  
12 work that's been done along the border by Assistant  
13 Secretary Ricardo Martinez and Paulino Luna, I just want  
14 to say that our Chair, Linda Moulton-Patterson, is very  
15 committed also to education, and so I think that this  
16 presents us with a unique opportunity for us to all work  
17 together around this education program.

18           MR. MARTINEZ: Additionally, I want to make sure  
19 that all the Board Members do have a translating device.  
20 If not, we'll get some up to you.

21           Good morning, Madam Chair and distinguished  
22 Board Members, Secretary Gomez-Morin, Secretary Hickox  
23 and members of the audience. Thank you for this  
24 opportunity today to brief you on our border  
25 environmental program.

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1           The purpose of the presentation today is to give  
2 you a historical overview of the border environmental  
3 program, of the newly created border affairs unit at  
4 Cal/EPA, to tell you where we're headed, what we've done,  
5 and to leave you with a clear example of the types of  
6 projects we undertake. And on this occasion Paulino is  
7 going to be giving you the details after I'm done.

8           This is a snapshot of the California-Baja  
9 California border, and as you can see it shows your  
10 friends there and only goes up to a certain extent in  
11 California, and in Baja California and I'll go into that  
12 a little bit more a little later. The border was once  
13 characterized as an arid waste land with nothing to offer  
14 when in fact it is a cornucopia of cultural diversity,  
15 economic diversity, agricultural diversity and biological  
16 diversity.

17           To give you a little background information on  
18 the border, our border is approximately 136 miles long,  
19 and the border region is considered to be 62 miles wide  
20 to the north and 62 miles wide to the south. This was  
21 established in the 1984 La Paz Agreement by the two  
22 nations. It contains the most populated county along the  
23 entire U.S.-Mexico border, that being San Diego County.  
24 And the region is expected to have 5 million people by  
25 the end of this year, which is 50 percent of the entire

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1 U.S.-Mexico border population.

2           The population on the Baja California side,  
3 particularly in Tijuana, is growing at 5.9 percent per  
4 year which is extraordinary. The region additionally  
5 shares sensitive environmental resources and shares a  
6 regional economy. Several studies have indicated that  
7 Tijuana infuses into the San Diego region that is which  
8 equivalent of bringing the Super Bowl every year to San  
9 Diego.

10           When we talk about environmental resources, I'm  
11 showing you a map here of the Tijuana River watershed.  
12 So the question that comes up is why should we have a  
13 program that involves relationships with Mexico. First  
14 of all, California lies downward of Baja California. So  
15 anything they do obviously impacts us. The map I'm  
16 showing you shows you that the major portion of the  
17 Tijuana River watershed lies on their side. Once again,  
18 this flows into our back yard, so it behooves us to  
19 establish those relationships and develop a program.

20           A little bit more on background. Baja  
21 California has the highest number of maquiladoras.  
22 Maquiladoras, for those of you that don't know, are  
23 assembly plants located in Mexico but owned by U.S. and  
24 overseas corporations. So they basically assemble a  
25 product and then ship it out to sell it elsewhere.

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1           It contains the busiest border crossing in the  
2 world. I'll throw a couple of numbers at you. There's  
3 about 50,000 people that cross the border from Tijuana to  
4 San Diego on a daily basis for work reasons. In 1999 we  
5 had 96 million northbound crossings coming from Mexico.  
6 Talking about the regional economy, in '99 Baja  
7 California purchased and imported over 700,000 used tires  
8 from California. These are tires that otherwise would  
9 end up in a landfill here, but I want to qualify that  
10 they're not waste tires that are not good. These are  
11 tires that we don't consider good but that are very  
12 usable elsewhere in Baja California. And in 1999, also  
13 approximately 40,000 used cars were purchased by Tijuana  
14 car dealers to be resold in Baja California.

15           I'll share a couple of figures with you. This  
16 is information on the population along the California  
17 border only. As you can see, 2000 in both counties,  
18 Imperial and San Diego, will have about 3 million people.  
19 But if you notice, in 2040 that's going to nearly double.

20           A maquiladora overview, as mentioned previously,  
21 there's 921 maquiladoras in the 62-mile wide region but  
22 Baja California has about 1,131. That employs about  
23 245,000 people.

24           Northbound crossings, we currently have three  
25 ports of entry with one more being planned as we speak.

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1 The newest one is Calexico out in Imperial Valley. As  
2 you can see, in 1999 these numbers continue to increase  
3 as being used. Again, 96 million border crossings,  
4 northbound crossings in 1999.

5           So dealing with Mexico is not new. We've been  
6 dealing with Mexico since 1993, as you can see by the  
7 slide. We participated in the USEPA Border 21 program,  
8 which is coming to an end; and we also participated in  
9 the California Border Environmental Cooperation  
10 Committee, which was a committee formed in 1994 by the  
11 three governors, California, Baja California and Baja  
12 California Sur. This was created to capitalize on the  
13 site agreements that were created by NAFTA.

14           So through Cal-BEC we've been able to acquire  
15 \$81 million in grant monies to construct environmental  
16 infrastructure. This includes waste water treatment  
17 plants and water treatment plants on both sides of the  
18 border.

19           So dealing with Mexico is not new. However, the  
20 approach has changed. Under the direction and vision of  
21 Secretary Hickox, we created the Border Affairs Unit in  
22 the Office of the Secretary. What this did was  
23 consolidate a border program initiative that was  
24 presented in the Governor's budget and approved by the  
25 legislature, thereby appropriating \$2.7 million and 18

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1 PYs strictly for the border.

2           The Border Affairs Unit will serve as the  
3 central contact point to initiate and establish  
4 relationships with Mexico. It will also lead and  
5 coordinate the efforts of the entire border environmental  
6 program which includes coordinating with other agencies  
7 such as Resources, Trade and Commerce, the Attorney  
8 General's Office, Office of Emergency Services and  
9 Department of Health Services.

10           Our most recent accomplishment is the Border  
11 Environmental Strategic Plan, which was again a consensus  
12 document and which has been shared, I understand, with  
13 the Board Members. This will be going out for public  
14 comment. So the mission is to work towards a better  
15 environment within a shared border by identifying and  
16 resolving unique environmental and natural resource  
17 challenges and the resulting public health issues.

18           So what do we plan to do with this strategic  
19 plan? It definitely has some key goals, a mission, a  
20 vision and core values. The key goals are again to  
21 protect the environment within that border region, to  
22 restore and conserve natural resources in that region,  
23 achieve and maintain a high standard of public health,  
24 increase sharing and use of science and technology on  
25 both sides of the border, and ensure uniform enforcement

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1 of environmental laws and regulation.

2           Through these goals we hope to address  
3 long-standing environmental issues that have been ignored  
4 for such a long time in that area. Some of the core  
5 values that we have are protection and development,  
6 cooperation and collaboration, integrity of respect,  
7 continuous improvement, leadership and accountability,  
8 public participation and communication. And I'll go back  
9 and talk about cooperation and collaboration.

10           Both states have made a commitment to form a  
11 partnership that will work towards a common vision,  
12 establish open communication, and share knowledge and  
13 information. Again, this has resulted under the  
14 direction and vision of our Secretary who has made the  
15 clear commitment to make friends with our Mexican  
16 neighbors.

17           So what are the next steps that we're going to  
18 take? Well, as I mentioned previously, the strategic  
19 plan will undergo public comment and review. We will  
20 continuously recruit until the 18 border program  
21 positions are filled, which is right now presenting  
22 itself a challenge being that the economy is so good and  
23 all the other state departments are also out recruiting  
24 also. We will implement the Strategic Plan to obtain the  
25 goals and the objectives.

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1           We will refine the structure of the border  
2 environmental program in concert with Mexico's political  
3 landscape. As you know, the ruling party that has been  
4 in rule for 71 years recently changed over to a brand-new  
5 party which is going to be aligned with Baja California's  
6 party. So we expect some very positive results from this  
7 change.

8           We will continue with active participation in  
9 shaping the next federal bi-national border program,  
10 which is Border 21, which by the way this had never  
11 happened before until the creation of the Border Affairs  
12 Unit. And we expect to have full participation by all  
13 the BDOs under Cal/EPA, as well as the other agencies I  
14 mentioned, in setting priorities and policy for the  
15 border. Again, the federal government sets priorities.  
16 Those don't necessarily reflect California's vision.

17           So there's one thing I want to leave you with  
18 today is I encourage to you visit our web site which was  
19 created with the help of the outstanding staff that you  
20 have here at the Board. And the last thing I want to  
21 leave you with is that these problems are long-standing.  
22 They're not going to go away. Mexico is not going to go  
23 away. NAFTA is not going to go away. So the only way  
24 we're going to resolve them is through joint coordination  
25 in resolving these problems.

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1           Having said that I'll turn the presentation over  
2 to Paulino Luna.

3           CHAIR MOULTON-PATTERSON: Thank you,  
4 Mr. Martinez.

5           MR. LUNA: Thank you, Ricardo. Good morning,  
6 Madam Chair, Board Members, Secretary Hickox.

7           I'm not used to being on the stage myself and I  
8 didn't have coffee this morning.

9           (Laughter)

10          MR. LUNA: I apologize. I had no time.

11          My first overhead has to do with what I call  
12 taking environmental protection beyond California, and  
13 what I mean by that is not changing the California  
14 constitution or the Baja California constitution per se.  
15 To me -- and I'll again apologize for the way I -- you'll  
16 notice Ricardo and I have a different way of expressing  
17 ourselves. I tend to say things in a simple way. One  
18 time I was doing a workshop at the Ayuntamiento in  
19 Tijuana. They call it the -- it's something like that,  
20 the city hall promenade, Explanada Del Ayuntamiento.

21          And one of the kids I was talking to asked me,  
22 "What do you mean by borders? What do you mean by  
23 environment," and obviously you have children. I do.  
24 And you have one has a tough time explaining things to  
25 him. I told him that I wanted him to think about the

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1 environment like he was talking about a nickel or a coin  
2 that was sitting on top of a line. And I told him that  
3 he wanted the coin, the guy in Chula Vista wanted the  
4 coin, and if they could just pull him, it was just a  
5 matter of time before they figure out that either one was  
6 going to have it, his or her way.

7           The thing is I told him that's not what I want  
8 you guys to do. I want you to look at the coin, and I'm  
9 sure that that coin because of the air pollution and  
10 because of the acid rain coming down, it's being  
11 corroded. I want you guys to polish it. Once you polish  
12 it, you look at it, it's going to shine. And guess what?  
13 The shining of that coin is going to be for both of you,  
14 and I don't care to talk about the coin, who pulled the  
15 most. That's how I explain it.

16           What I've been doing in terms of doing border  
17 stuff, as I call it, it's been sharing what we have at  
18 the Waste Board, what we have at Cal/EPA. I feel myself  
19 that we are -- and I say it openly. I feel that we are  
20 very privileged to have a lot of BDOs, to have a lot of  
21 closing the loops, to have a lot of everything. And I  
22 think in my own way of saying things we're generous  
23 enough to share what we have with our neighbors from the  
24 south. That's what I've been trying to do. Some people  
25 call it technical assistance, some people call it

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1 something else. I just call it information exchange,  
2 sharing.

3 I want -- I go to Tijuana, I go to Mexicali.  
4 The first thing I ask them is look at me as one of  
5 yourself, one of your own. I'm coming over to share with  
6 you. This is what I learn. I went over to the  
7 university, trained the students to count tires. That's  
8 something that I learned at the Waste Board from Brad  
9 Williams, from Kit Cambridge. Those guys taught me how  
10 to count tires, and I hope they did it right --

11 (Laughter)

12 MR. LUNA: Because I pass it on.

13 Anyway, let's move on. Next one, the next  
14 overhead is real simple and this is something that I want  
15 to always mention when I talk about these issues. I've  
16 done it twice, and frankly I love it.

17 Talking to farm workers, I talk to the organics  
18 people in-house, the ones doing the compost regulations.  
19 I asked them if we could approach the farm workers  
20 because they're the ones applying the compost. I'm yet  
21 to see a farmer applying compost or pesticides himself.  
22 So I keep saying let's train the workers, let's train the  
23 workers. I talked to 600, roughly 600 of them, and the  
24 way I describe this is it's probably the biggest  
25 compliment that I got as a state employee, the biggest

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1 compliments that I've gotten come from them. They tell  
2 me I'm good. They tell me, "Oh, yeah. You really  
3 explain it." I keep saying, "Oh, yeah. Keep going like  
4 that and I won't come to your farm again."

5           Board Member Medina mentioned the classes and  
6 what was said at the University of Baja California.  
7 You're looking at me. I normally end up not having the  
8 time to train myself, and yet I went over there -- I've  
9 never taken a class on how to dress up and address and  
10 look at the camera. I went over there. They invited me.  
11 We had the classes in Tijuana. They televised the  
12 classes to Mexicali, Ensenada and the public libraries  
13 and the university campuses. And I was told I was  
14 talking to 450 people. I told them, "Wow. At this pace  
15 I'm going to be Governor."

16           (Laughter)

17           MR. LUNA: I mean jokingly. So the next I have  
18 is the CTLs. That's my basis. When I go talk to  
19 kindergarten, elementary school, high school, teachers  
20 and students along the border, be it Rosarito, be it  
21 Tecate, whatever, that's what I use. I borrow lessons  
22 from that. I practice them at home with my kids. I ask  
23 them and they understand what I'm saying. And if they  
24 give me a C plus, I know that's an A. I'm done. I've  
25 learned from Trisha, I ask a lot of questions. Anyone

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1 who talks to me knows that I'm always asking and pay  
2 attention because if I get excited, that means I don't  
3 know much about it. I keep asking.

4           The last thing, again the tire count I told you  
5 who told me how to count tires. If anything goes wrong  
6 and we didn't get it right, I didn't get it right, I  
7 trained about 25 students through one of the research  
8 projects that I did with them. It took us about six  
9 months, but we got it together. We put it together. And  
10 again, I used the techniques that I learned in-house.

11           Now, other things that I have done, I help out a  
12 lot of work with Secretary Hickox, with Ricardo. We put  
13 together this report, the one on top. It's just a  
14 compilation of what's needed at the border, the  
15 California-Baja California border, what's needed in terms  
16 of waste water treatment plants, in terms of landfills,  
17 in terms of transfer stations. That's what it is. It's  
18 just a compilation, an updated compilation.

19           And then after that, if you look at that in the  
20 last three bullets, all of them say first, first, first.  
21 That doesn't mean I'm number one. That means that this  
22 was never done before, and I had the privilege with the  
23 assistance of Secretary Hickox and other people in-house.  
24 I'll describe you one.

25           The one that talks about landfills, I did it. I

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1 invited Diana Vaughn-Thomas from our staff. I invited  
2 Tim Chris from our staff. I work with other people at  
3 the Air Board, at the Water Board. Like 12, 14 Cal/EPA  
4 staffers presented this workshop. So it's not Paulino.  
5 I'm not Superman. I'm not Robin Hood. I'm just Paulino.  
6 I put it together with the assistance of Secretary  
7 Hickox. He was kind enough to go down to Tijuana.  
8 I shouldn't say it, but the things that one  
9 remembers that the most is we had a problem with Jessie.  
10 He got lost in Tijuana. We were about to open the  
11 workshop. "Where are you, Jessie? Where are you?" And  
12 we had to go over there and drive and get Jessie to the  
13 workshop. That was the most difficult thing. Just like  
14 today, get him to the exact airport and getting the  
15 dignitaries down on time. That was the toughest thing  
16 for me to do.  
17 What else I'm working on right now? I think the  
18 most exciting thing for me right now and has a lot to do  
19 with background and has a lot to do with my growing up  
20 and so forth, I'm very excited I've got this project in  
21 particular because Secretary Gomez-Morin and I, we were  
22 joking about this morning on the way from the airport.  
23 He finished school more or less at the same time I  
24 finished. He finished his master's degree at the same  
25 time I finished it. And I was telling him the reason I

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1 finished it myself is because you loaned me your  
2 homework.

3 (Laughter)

4 MR. LUNA: Otherwise, I don't know. This  
5 project is the Cal/EPA Waste Board staff's, his agency  
6 project. It's a joint effort. Again, it would be too  
7 ambitious for us to go to Baja California and pretend  
8 that we can teach them how to do things. Again, the way  
9 I see it is I want to make available to them what we  
10 have. If they can borrow from it, I'm happy. That's  
11 what we're trying to do.

12 What's the objective of this? Again, in my mind  
13 we talk it over, he read it, he liked it. We're trying  
14 to formalize environmental education in Baja California.  
15 That sounds kind of big, formalize environmental  
16 education in Baja California. Well, you're looking at  
17 Secretary Gomez-Morin who is currently assisting the  
18 incoming president of Mexico to put together this  
19 strategic plan for education for the whole country. I  
20 told him if you can put that together, I think you can  
21 build with this and that's what we're trying to do.

22 Specific objectives, this is as I see it a  
23 two-phased project. We're going to help with phase  
24 number one, which is I call it a train the trainers.  
25 We're going to help with -- Trish and I talk it over.

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1 We're going to help with 100 teachers, 100 teachers that  
2 will be the trainers. Those 100 teachers will be  
3 training 1,500 teachers. We'll have 1,600 Baja  
4 California teachers trained. By the year 2005, 2004,  
5 Baja California should have at least one trained teacher  
6 per school. We're talking about a lot of the schools and  
7 a lot of teachers and that's kind of our dream.

8 Another component of this -- and I've talked to  
9 the University of California Baja professors. They want  
10 to develop -- they call them multimedia games dealing  
11 with waste, how to -- if you wanted to transform  
12 putrescibles into compost, how do you -- I call it  
13 Nintendo games because it's easier. You shoot the can  
14 and something comes out of it, and then you shoot it  
15 again and it turns into compost. We're working on that  
16 and they'll be responsible, they'll be helping us with  
17 that. That's one of the components of this.

18 Specific objectives on my last slide. The last  
19 slide, that's kind of how I would like to narrow the  
20 project down. We hope that by the year 2005 we have --  
21 we have 1,600, 1,500 trained teachers, and by then the  
22 Baja California, Secretary Gomez-Morin's agency will be  
23 in good shape to get their own recycling program going.

24 Keep in mind that in California we talk about AB  
25 939. It's been in place for a while. They don't have

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1 such a thing. They don't have an AB 939. They don't  
2 have the funding. They don't have a lot of resources,  
3 but they have the desire. They have the desire and it  
4 may sound like a fantasy at this point, but I see myself  
5 getting gray hair and looking at this as a fact,  
6 something that is taking place.

7 I'm looking forward to that with the assistance  
8 of you, Ms. Linda Moulton-Patterson, Secretary Hickox,  
9 Trish and everyone. If you help me out, Board Member  
10 Medina and so forth, I think we can make it happen.

11 BOARD MEMBER MEDINA: I already have gray hair.

12 (Laughter)

13 MR. LUNA: I already asked for too much.

14 Let's leave it at this. Again, this is my way  
15 of writing things and my way of saying things. I think  
16 environmental education, like good ideas, has no  
17 boundaries. I think that closing the loop is good in  
18 California and I trust because the teachers tell me that  
19 is good in Baja California, and I want them to have it.  
20 I already -- they already requested and got permission to  
21 copy it, to tweak it, do whatever they want with it.

22 The other one is something that I truly believe.  
23 That's why I told you the thing about the coin. Today's  
24 children will work it out if we give them the tools. I  
25 truly believe it. The last star says that if we continue

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1 working with Secretary Gomez-Morin and his staff, our  
2 chances of being successful with this project, our  
3 chances of improving the quality of life of the  
4 environment along the border are much higher is what I'm  
5 trying to say.

6 Thank you for your time and probably took me a  
7 half hour to get it out. What can I say?

8 CHAIR MOULTON-PATTERSON: Thank you, Mr. Luna.  
9 We really appreciate your enthusiasm.

10 BOARD MEMBER MEDINA: With that, if we could  
11 have a few words from the Secretary. In Spanish I'd like  
12 to tell the Secretary (greeting in Spanish).

13 MR. GOMEZ-MORIN: Good morning, Madam Chair.

14 CHAIR MOULTON-PATTERSON: Good morning. We're  
15 so happy to have you here.

16 MR. GOMEZ-MORIN: Thank you for the invitation,  
17 Members of the Board. Thank you also, Board Member  
18 Medina. Secretary Hickox, thank you very much and thank  
19 you, Paulino, for your kind words. Sometimes I think you  
20 exaggerate a little bit.

21 (Laughter)

22 MR. GOMEZ-MORIN: You're much older than I am.

23 (Laughter)

24 MR. GOMEZ-MORIN: I was looking forward to this  
25 visit and to express to you Members of the Board and

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1 Secretary Hickox about the commitment that we should have  
2 in viewing our border region as a shared space, a shared  
3 territory. What Paulino just showed you about what we  
4 are starting over, I would like to give you another  
5 example on a different field, different area. Something  
6 that can be done.

7 Our Governor, Governor Gonzales Alcocer, also  
8 shares the commitment to education as Governor Davis.  
9 They've been talking about this and they know that the  
10 foundation for a better way of life for both our states  
11 are based on our strength in our educational system and  
12 how we give opportunity to our people.

13 One of the problems we share in the border  
14 region, besides the environmental issues, is the drug  
15 trafficking, violence, illegal immigration to the United  
16 States, arms dealing, arms trafficking from the United  
17 States to Mexico and so on. We have seen that the  
18 problems of violence that affect our children and our  
19 young people from middle schools and high schools are the  
20 same on both sides of the border. Sometimes it's a lack  
21 of opportunities to develop as human beings or a better  
22 system of education, but it is affecting our communities.  
23 It's affecting our ability to sustain a development for a  
24 better future.

25 So in terms of our state, Baja California, and

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1 the State of California, we're living globalization every  
2 day along the border. While other states and other  
3 countries are talking about the good things about  
4 globalization, we have been living globalization for a  
5 long time because our border region in both our states is  
6 made up basically of migrant people.

7           So in dealing with the issues of violence or  
8 public safety, a couple of teachers from Tijuana sat down  
9 and worked with teachers from San Diego and developed a  
10 curriculum for an educational program to counteract crime  
11 and corruption, a school-based program. It was designed  
12 by teachers from Tijuana and teachers from San Diego and  
13 it has been taught as a pilot project. The last school  
14 year it was -- we tested it as a pilot project in several  
15 schools. We have this program elevated by an external  
16 agency and it gave us a very good result. I'm not going  
17 into the program because I know it's not the issue about  
18 the environment.

19           What I'm trying to say is that we can do  
20 bi-national programs. It is not an idea. It is not a  
21 dream. It is a reality. This program, now we're  
22 teaching our students against crime and corruption to  
23 15,000 students in Baja California this school year. And  
24 as Paulino said, we started training eight professors  
25 now. Then we trained 20 professors and now we have about

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1 400 professors teaching this course in just one year, and  
2 in the next two years we will have at least 800  
3 professors teaching this course in the middle schools in  
4 Baja California.

5           It is not a dream, Paulino. It is a  
6 possibility. It's something real. We can do it. We  
7 already have done it with the California school system.

8           So the other issue -- the issue that comes with  
9 this, which is environmental protection, we have a lot of  
10 things to learn. I've been working -- all my  
11 professional life was done in the environmental area. I  
12 was an environmental planner, so I know how hard it is to  
13 sustain our development plans, economic plans, without a  
14 view of the environment. I've been fighting with the  
15 government agencies in Mexico to work from an  
16 environmental perspective for our development along the  
17 border region, along the coastal area of Baja California.

18           So I agree with Paulino that the best way to  
19 change the future, at least from our point of view, is to  
20 start this program from the schools, a school-based  
21 program oriented towards environmental issues, very  
22 simple issues that will start to develop a culture about  
23 environmental protection.

24           As you know, one of our principal problems in  
25 Baja California is water. It's our most scarce resource.

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1 We don't have a lot of water, especially along the  
2 Tijuana-Ensenada coastal area. So we need to implement  
3 water saving programs, a water saving culture, energy  
4 saving culture, recycling culture, and it is going to be  
5 very difficult to do it with adults. We have to do it  
6 starting with the children.

7 I just came here to tell you that I'm committed  
8 in any way that we can with the resources we can allocate  
9 to start a real bi-national educational environmental  
10 program for our schools. You have the commitment of the  
11 Governor. You have the commitment of the Minister of  
12 Education, the Secretary of Education, and our staff  
13 members to do in reality what we know we can do because  
14 we have done it in the past.

15 The future looks bright for us because we know  
16 that we'll be successful also in this effort. So I thank  
17 you very much for your invitation. I thank you for your  
18 patience to listen to what I have to say and I look  
19 forward to work in the future in this program.

20 Thank you very much.

21 (Applause)

22 MR. HICKOX: Mr. Secretary, to wrap up our time  
23 together this morning, I want to thank you very much for  
24 your very eloquent remarks. I took two years of Spanish  
25 in high school and I can barely say hello and thank you

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1 anymore. You are a wonderful speaker and we appreciate  
2 you coming here to share with us your commitment and your  
3 willingness to work with us, as I'd earlier, to develop a  
4 program that will help the next generation be a bigger  
5 participant in solving these problems that we face along  
6 the border.

7 Your remarks are very inspirational and we look  
8 forward to working with you in the months ahead. Thank  
9 you again very, very much for being here.

10 CHAIR MOULTON-PATTERSON: Thank you. I would  
11 like to echo Secretary Hickox's sentiments. We really  
12 appreciate you making the trip up here. We are willing  
13 to work with your government, and I think we share that  
14 education is the key, and if we can reach our children we  
15 will have a better world. So thank you so much for being  
16 here. We want to do everything we can and hopefully we  
17 can come down and visit some of the schools.

18 I would like to also recognize Trish Broderick  
19 because she has been so instrumental in developing this  
20 educational curriculum and we're so proud to be able to  
21 share it with you. So thank you, Mr. Luna, Mr. Martinez,  
22 and Mr. Medina for bringing this all to us and Secretary  
23 Hickox. It's just been a pleasure.

24 If we might take a short break and have some  
25 photos, we'd really appreciate it. Thank you.

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1 (Recess taken)

2 CHAIR MOULTON-PATTERSON: I'd like to call the  
3 meeting back to order.

4 The Board met in closed session and took action  
5 to appoint as acting Executive Director Karen Fish. So I  
6 did want to report that back.

7 We stopped, and I apologize, in the middle of  
8 Item Number 2 and I apologize, Ms. Jordan, to you and  
9 your staff but we just felt it was the courteous thing to  
10 do. So thank you very much for your patience and we can  
11 take up where we left off as far as discussion.

12 Excuse me. Thank you.

13 Mr. Eaton, any ex partes?

14 BOARD MEMBER EATON: Just one. I had a brief,  
  
15 I'll just say, interaction with Paul Ryan on diversion  
16 techniques.

17 BOARD MEMBER JONES: Madam Chair, I had a brief  
18 discussion with Eugene Tseng on the same subject and also  
19 got the list of three documents from Mike Mohajer that  
20 were on my desk when I went up at lunch time, and  
21 Lieutenant Colonel Sulliver on the cleanup of Fort  
22 Roberts, and I think that's it.

23 CHAIR MOULTON-PATTERSON: Thank you.

24 Mr. Medina.

25 BOARD MEMBER MEDINA: Mr. Ray Button from Blue

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1 Line and Evan Edgar, and just had lunch with Secretary  
2 Morin from Baja California.

3 CHAIR MOULTON-PATTERSON: Thank you.

4 Mr. Paparian.

5 BOARD MEMBER PAPARIAN: Yes. I also had a brief  
6 discussion with Eugene Tseng and meet-and-greet with Evan  
7 Edgar and with Mandy Rhoades from San Bernardino County.

8 CHAIR MOULTON-PATTERSON: Thank you.

9 Senator Roberti.

10 BOARD MEMBER ROBERTI: I'm up to date. Thank  
11 you.

12 CHAIR MOULTON-PATTERSON: And I spoke with  
13 during the lunch hour Secretary Gomez-Morin and his  
14 party.

15 Ms. Jordan.

16 MS. JORDAN: Yes. Terry Jordan again.

17 In regards to agenda Item Number 2, we'll  
18 continue with consideration of approval of fiscal year  
19 2001 concepts and consideration of approval of  
20 reallocation provision 1, Recycling Market Development  
21 funding.

22 Susan Villa will present.

23 MS. VILLA: I believe we left off having the  
24 discussion of the allocation of the Integrated Waste  
25 Management Account funding. There's \$551,000 available

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1 for the Board to allocate. Are there any additional

2 questions surrounding the item of allocation?

3 CHAIR MOULTON-PATTERSON: I think we left off or  
4 Mr. Paparian wanted to speak. We'll turn the floor over  
5 to him.

6 BOARD MEMBER PAPARIAN: Thank you.

7 Mr. Jones had made a suggestion with regards to  
8 pulling back some of the funding to make it available  
9 for -- potentially for studies or other items related to  
10 diversion, and that helps again on one of the points that  
11 I was concerned about and that is that we not allocate  
12 the whole amount but rather hold back some for  
13 contingencies during the year and then reallocate it  
14 during the year as needed to either some of these  
15 projects that are listed here or to other specific needs.  
16 And I think Mr. Jones has identified a very pressing need  
17 to deal with questions surrounding how the numbers are  
18 used in the diversion studies.

19 So I'm very supportive of what Mr. Jones has  
20 suggested.

21 CHAIR MOULTON-PATTERSON: Mr. Jones.

22 BOARD MEMBER JONES: Thanks, Madam Chair.

23 I think that -- I'm hoping I have a meeting set  
24 up tomorrow that Mr. Paparian is going to join me with to  
25 go over some of these nuances, and based in part with the

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1 outcome of that discussion we'll determine some kind of a  
2 recommendation for this Board as to what we probably need  
3 to be looking at. But I think clearly, like the Senator  
4 said, we thought we were getting this thing simpler and  
5 now we've found a way to make it harder or more or less  
6 understandable. So I think we have to get to the bottom  
7 of that.

8           While there are some issues that were proposed,  
9 two of them being from EPA, Cal/EPA -- this isn't to  
10 slight Cal/EPA -- but if we only have \$200,000 left and  
11 people have spent ten years trying to develop this  
12 methodology, and I think in -- is it SB 220 -- or  
13 something we have to come up with a waste  
14 characterization -- we have to come up with a planning  
15 guide as part of upcoming legislation to provide the  
16 local jurisdictions. I think they can wait just a little  
17 bit to make sure that if we -- you know, if we're going  
18 to end up spending a chunk of money to get this thing  
19 fixed, I don't want us to not be able to fix what's going  
20 to impact every city and county in California or those  
21 that have chosen this methodology.

22           I'm sure that they're asking for money from all  
23 the other BDOs and we'll be able to put in our share.  
24 I'm not sure how much they've given us credit for for the  
25 carpeting, but I'm sure it's all relative. I want to

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1 make a --

2 CHAIR MOULTON-PATTERSON: We had one more  
3 speaker before you make your motion. Is that okay?

4 BOARD MEMBER JONES: Mr. Mohajer?

5 (Laughter)

6 CHAIR MOULTON-PATTERSON: No. Senator Roberti  
7 wanted to speak.

8 BOARD MEMBER ROBERTI: Are we on --

9 CHAIR MOULTON-PATTERSON: And we do have  
10 Mr. Mohajer.

11 (Laughter)

12 BOARD MEMBER JONES: Yeah. But he's supporting  
13 number 5 and I put that in the thing.

14 BOARD MEMBER ROBERTI: I -- as Mr. Jones has  
15 said, we -- I agree that we should start giving a harder  
16 look at the way we compute these numbers. I just want to  
17 make a suggestion from what I understand from what my  
18 staff tells me and what our staff tells us is that it was  
19 a staff suggestion to have the waste management  
20 professional workshop and that that is not something  
21 that's necessarily ready to go right now and something  
22 that could wait until the next year. I would just offer  
23 that as a candidate for sacrifice in order to accommodate  
24 the request which Steve Jones is making and I think that  
25 gets us \$90,000, unless there's some great defender for

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1 that program. I don't know.

2 BOARD MEMBER PAPARIAN: Are you saying leave  
3 everything else and just take that \$90,000?

4 BOARD MEMBER ROBERTI: That's my suggestion.

5 CHAIR MOULTON-PATTERSON: Okay.

6 BOARD MEMBER ROBERTI: We do have a reserve  
7 which it says \$50,000, but it doesn't add up to that  
8 much. It adds up to more like \$31,000.

9 CHAIR MOULTON-PATTERSON: So is your suggestion  
10 to take everything on here and delete the \$90,000?

11 BOARD MEMBER ROBERTI: Take the \$90,000 out to  
12 know we do have a contingency reserve which is \$31,000,  
13 not \$50,000. And I would earmark the \$90,000 to go for  
14 the program, diversion counting program. I don't know  
15 what we're calling it.

16 BOARD MEMBER MEDINA: What about the AB 75  
17 training video for \$56,000?

18 CHAIR MOULTON-PATTERSON: With Senator Roberti's  
19 proposal, that would be in there. With Mr. Jones's  
20 proposal it wouldn't be. Would you be amenable to  
21 Senator Roberti's?

22 BOARD MEMBER JONES: The reason that it wouldn't  
23 be in there was because Frank Simpson -- I don't know if  
24 Frank's in the room -- had made a comment that he found  
25 about \$80,000 or \$60,000 worth of professional video

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1 equipment that this Board bought nine years ago and they  
2 could probably do this in-house.

3 BOARD MEMBER ROBERTI: Can I interject on that?

4 It's not an enormous issue, but since I've been on the  
5 Board I sense the greatest recalcitrance to move in the  
6 area of diversion is the state agencies themselves. And  
7 I would myself like to have somebody from the outside do  
8 the educational program video, whatever, for us because  
9 we have to get serious on it. It's my own sense -- I  
10 could be wrong -- rummaging around for our old equipment  
11 is just more work -- we're just not going to move and  
12 we'll do a second-hand job. I hope I'm wrong, but I  
13 would actually like somebody to come in from the outside  
14 and start us on state agencies, on the road of getting  
15 serious, and it starts with education and not something  
16 we sort of paste together ourselves.

17 State agencies are just terribly lax, university  
18 number one, but they're not the only ones. Anyway,  
19 that's my thought. I'm less than excited about getting  
20 rid of the video thing, but whatever. I said less than  
21 excited, not a hard "no."

22 BOARD MEMBER JONES: Madam Chair.

23 CHAIR MOULTON-PATTERSON: Mr. Jones.

24 BOARD MEMBER JONES: I would like to ask Frank  
25 Simpson because it probably isn't fair to the Board. I

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1 just found this out the other day. Frank came to us from  
2 I think Channel 36 and Channel 3 and used to put this  
3 stuff together all the time.

4 MR. SIMPSON: Yes, Mr. Jones. In this audio  
5 visual room that we have back here there is a complete  
6 edit station. It's very similar to what a television  
7 station uses. It's called a video toaster and it is  
8 hooked into this audio visual system that we have in this  
9 board room here. We would require an editor, which is a  
10 body, a person to actually work the equipment because I'm  
11 not that proficient at it myself.

12 BOARD MEMBER ROBERTI: As opposed to -- I take  
13 the current budgeted item contemplates an editor and a  
14 producer from the outside?

15 MR. SIMPSON: Correct.

16 BOARD MEMBER ROBERTI: Rather than our, to use  
17 my language, pasting something together. Your language,  
18 toasting something.

19 (Laughter)

20 BOARD MEMBER ROBERTI: All by our lonesome  
21 selves.

22 MR. SIMPSON: It is our hope in the future to  
23 make a proposal where we would start bringing some of  
24 this in-house because I do come from the television  
25 industry. I was in television for about 25 years as a

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1 writer --

2 BOARD MEMBER ROBERTI: I absolutely agree and  
3 I'm sure we have the people, starting with you, that are  
4 capable of doing that, but capability is one thing.  
5 Being at the point of being able to do it is something  
6 else and having the time is even something else.

7 MR. SIMPSON: Absolutely.

8 BOARD MEMBER ROBERTI: So I just think that not  
9 going with an outside entity -- and I have no idea who  
10 they would be -- is fraught with danger and more fraught  
11 with delay. So I kind of just would like to take the  
12 \$90,000 and start letting the state agencies know that  
13 we're serious and this isn't going to waste six months,  
14 seven months, eight months. I would actually like to see  
15 some action on the state agencies while my term is still  
16 existing.

17 BOARD MEMBER JONES: They're not going to have  
18 to do any programs. All they have to do is do the right  
19 numbers and why would they have to do a program? We can  
20 just do the video on how to fill out the forms.

21 BOARD MEMBER ROBERTI: Absolutely. We've got to  
22 watch that. You're absolutely right.

23 BOARD MEMBER JONES: Fill the forms out, how to  
24 get to 50 percent without ever putting a bin out.

25 BOARD MEMBER ROBERTI: And we've got consultants

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1 that are going to show them how to do it. You're  
2 absolutely right. Not working for us but working because  
3 we're here.

4 CHAIR MOULTON-PATTERSON: Mr. Paparian.

5 BOARD MEMBER PAPARIAN: What happens with the --  
6 where are we on the Cal/EPA items, the environmental  
7 indicator study?

8 CHAIR MOULTON-PATTERSON: With Mr. Jones's  
9 proposal, as I understand it, we wouldn't allocate that,  
10 but with Senator Roberti's, we would.

11 BOARD MEMBER PAPARIAN: Are we all operating on  
12 the same list? We need to make sure of that. There's  
13 one list that was handed out loose and one in the binder.

14 CHAIR MOULTON-PATTERSON: I'm looking at the  
15 revised one.

16 BOARD MEMBER PAPARIAN: The two first items  
17 would be \$45,000?

18 MS. VILLA: That's the one that was handed out  
19 today.

20 MS. JORDAN: And the reason that one was handed  
21 out was because we took a closer look at what was being  
22 recommended and provided somewhat of a contingency,  
23 although it's small. We've made those changes and that's  
24 why the revisions.

25 CHAIR MOULTON-PATTERSON: Well --

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1               BOARD MEMBER ROBERTI: Madam Chair, I just  
2 brought a suggestion. I didn't --

3               CHAIR MOULTON-PATTERSON: Yes.

4               BOARD MEMBER JONES: It wasn't a motion?  
5 Because I mean I'll make a motion and I appreciate what  
6 you're saying. I really do. I took my \$50,000 landfill  
7 operator's certification out of my numbers, only because  
8 I just don't know how enormous this problem is going to  
9 be and I'm scared to death it's something we've been  
10 working on for ten years and if it is what I'm hoping it  
11 isn't, we're going to have a problem.

12              CHAIR MOULTON-PATTERSON: Okay. Well, I guess  
13 I'll give my opinion here, too, since we don't have a  
14 motion on the floor. I totally agree with you,  
15 Mr. Jones, that we've got to do this. I would hope that  
16 we could leave most of these things in and we could do it  
17 for \$90,000.

18              BOARD MEMBER ROBERTI: Wouldn't that be  
19 \$121,000? I know it's a reserve contingency, but we've  
20 got the contingency now.

21              CHAIR MOULTON-PATTERSON: Right. That's right.

22              BOARD MEMBER ROBERTI: Aren't we really talking  
23 about -- what's it come to, \$121,000?

24              BOARD MEMBER EATON: Perhaps maybe I can help  
25 this little situation. If we look at the IWMA, I think,

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1 Senator, you raised the point that -- and I think it's a  
2 valid one -- for how many years we tried to get AB 75  
3 passed and it's finally gotten passed and we need to do  
4 something.

5           Mr. Jones is trying to accommodate a list in a  
6 matter that's equally important. I think there is room  
7 here. And let me just go to the RMDZ, which is our next  
8 allocation right here in the back. You will see in that  
9 allocation that there is that they dropped school AB 75  
10 recycling diversion grant from \$500,000 to zero. Now, if  
11 you put some of that money back -- because here is the  
12 situation.

13           In the legislation of AB 75 it is mandated we do  
14 that work, so I'm not sure the executive staff's  
15 recommendation is a valid one given the legislative  
16 direction of which I have here and would be happy to read  
17 for the record. That was put in the legislation  
18 specifically for that purpose. Within that grant  
19 process, diversion grants, I think, we are capable enough  
20 to complete your project if we were to put some money in  
21 that and take it out of the RMDZ, and we haven't gotten  
22 there yet. That would take care of Mr. Jones's list and  
23 leave it as he's proposed and then go in and using that  
24 pot or having that discussion and getting there because I  
25 agree with you.

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1           And that was one of the points that I was going  
2 to raise with RMDZ is that AB 75 dictates, mandates that  
3 we shall implement and we shall do all of these things.  
4 So not to allocate any money where we are allocating  
5 money that have no regulatory or statutory direction I  
6 think would be something less than carrying out our  
7 responsibilities. So I think in that one we can find  
8 your dollars and meet both of those goals if we just have  
9 that discussion.

10           BOARD MEMBER ROBERTI: I want to thank you  
11 because I want to make it absolutely clear. I am a  
12 hundred percent proponent of the thrust that Mr. Jones  
13 has painted, both in this morning's and this afternoon's  
14 session, but I don't want to go slow on 75. So if we  
15 could find a way of speeding it up and not doing an  
16 in-house thing until I'm confident in-house is ready to  
17 go, wherever it comes from, is fine with me. If we have  
18 a pot of gold --

19           BOARD MEMBER EATON: If we were to sort of look  
20 at that recommendation at the same time and then do the  
21 Jones list as proposed and then get your particular  
22 monies, if that were to be the case with that direction,  
23 that that would be part of the waste diversion grants  
24 because the legislation -- I'll just take a look.

25           Section 4295(b) says, "The Board shall establish

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1 and implement a waste reduction award program for state  
2 agencies and large state facilities that develop, adopt  
3 and implement innovative and effective Integrated Waste  
4 Management Plans in compliance with this chapter," and  
5 that would be one way we could kind of come up and  
6 develop those out-of-house kind of award program and  
7 training and somewhat in that whole area and then it  
8 comes out of the RMDZ, which would be consistent with  
9 that, I believe.

10 CHAIR MOULTON-PATTERSON: I have a question,  
11 Ms. Jordan. It says here Cal/EPA requirements. Can you  
12 expand on that a little bit?

13 MS. JORDAN: Yes. We've been advised that there  
14 are several cross-initial BDO initiatives that Cal/EPA  
15 has and they have basically asked us to contribute  
16 towards those. Of the two requirements that are  
17 contracts, it is these two -- the environmental indicator  
18 study and the integrated data for environmental  
19 assessment -- and this is a specific amount that applies  
20 to this Waste Board.

21 Each of the other BDOs have also substantial  
22 amounts of money that they're also contributing towards  
23 those contracts.

24 BOARD MEMBER PAPARIAN: Maybe we should include  
25 those if we can. I think it still leaves us -- I'm not

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1 sure where the numbers add up to this, but it still  
2 leaves a substantial amount for these various  
3 contingencies.

4 BOARD MEMBER EATON: The problem I have with  
5 that is it says right here in our packet that there's no  
6 statutory nor regulatory direction for those allocation  
7 or those funds to the agency, and those generally have  
8 been handled through the budget process and that's where  
9 past administrations have gotten in trouble, where  
10 they've allocated monies to these types of agencies  
11 without the proper statutory or regulatory authority.

12 And so I would say that at least in regards to  
13 the things that are before us, we have those statutory  
14 and regulatory directions by which we should allocate  
15 these funds and that those other funds will just have to  
16 go through the regular route and we'll have to find some  
17 way to allocate those monies at a later time.

18 BOARD MEMBER ROBERTI: Madam Chair.

19 CHAIR MOULTON-PATTERSON: Senator Roberti.

20 BOARD MEMBER ROBERTI: Mr. Eaton is refreshing  
21 my memory. It is true that when the agencies tried to  
22 take money, they got in trouble, I think. I'm not  
23 against taking the money. Can counsel help us on this to  
24 make sure? Because my recollection now that Danny has  
25 remembered something that I placed in the past recesses

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1 of ancient history, this was a recurring problem no  
2 matter who was the Governor. They're trying to fund  
3 their agencies by taking board or department money and  
4 usually when it got to court -- I don't know what the  
5 issues were -- the administration lost.

6 MS. TOBIAS: I wouldn't disagree with anything  
7 that you or Mr. Eaton said.

8 (Laughter)

9 MS. TOBIAS: I would be happy to come back on  
10 it, but that's as much as I want to say here. I'm  
11 certainly happy to come back with a legal comment or  
12 opinion on it, but I would want to look at it first.

13 CHAIR MOULTON-PATTERSON: So we could bring that  
14 portion back next month?

15 MS. TOBIAS: Certainly.

16 CHAIR MOULTON-PATTERSON: And know the up sides  
17 and the down sides.

18 MS. TOBIAS: Sure. I would be happy to put  
19 together something on that.

20 BOARD MEMBER JONES: Madam Chair.

21 BOARD MEMBER ROBERTI: Very prudent answer.

22 (Laughter)

23 CHAIR MOULTON-PATTERSON: Mr. Jones.

24 BOARD MEMBER JONES: Based on that legal  
25 opinion --

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1 (Laughter)

2 BOARD MEMBER EATON: Confirmation.

3 BOARD MEMBER JONES: I want to propose that we  
4 fund through IWMA Item 5, mine reclamation survey for  
5 \$50,000.

6 BOARD MEMBER PAPARIAN: You may be on the wrong  
7 list. 45.

8 CHAIR MOULTON-PATTERSON: No. He means the  
9 number, I think. The number of the concept.

10 BOARD MEMBER PAPARIAN: He said \$50,000. It  
11 should be \$45,000.

12 CHAIR MOULTON-PATTERSON: Sorry.

13 MS. JORDAN: No. The \$45,000 is just an exec  
14 staff recommendation. The original IWMA request was  
15 \$100,000. The Board can certainly approve whatever level  
16 or amount that they choose to do so.

17 CHAIR MOULTON-PATTERSON: So are you looking for  
18 \$50,000?

19 BOARD MEMBER JONES: I was thinking \$50,000.  
20 This was the one that the Senator wanted.

21 CHAIR MOULTON-PATTERSON: \$50,000 on Item 5.

22 BOARD MEMBER JONES: Item 16, recycled product  
23 trade show, \$50,000; Item 8, the universal waste  
24 management options and education, \$50,000; Item 17, Cal  
25 Max WRAP awards, \$21,666; and Item 2, the interactive web

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1 pages for schools for \$50,000, for a total of \$221,666.

2 BOARD MEMBER EATON: I'll second that motion.

3 CHAIR MOULTON-PATTERSON: We have a motion by  
4 Mr. Jones, seconded --

5 BOARD MEMBER MEDINA: Would you mind repeating  
6 those please?

7 CHAIR MOULTON-PATTERSON: Sure.

8 BOARD MEMBER JONES: Item 5 for \$50,000; Item  
9 16, recycled product trade show for \$50,000; Item 8,  
10 universal waste management options and education for  
11 \$50,000; in that same grouping, Item 2, interactive web  
12 pages for schools for \$50,000; and Item 17, the Cal Max  
13 and WRAP programs for \$21,666.

14 CHAIR MOULTON-PATTERSON: We have a motion by  
15 Mr. Jones, seconded by Mr. Eaton.

16 I have one question before we vote. So you will  
17 be getting back to us on the Cal/EPA part?

18 MS. TOBIAS: Yes, at the next meeting.

19 CHAIR MOULTON-PATTERSON: Because I do have some  
20 reservations on that. Thank you.

21 Secretary, please call the roll.

22 BOARD SECRETARY: Eaton.

23 BOARD MEMBER EATON: Aye.

24 BOARD SECRETARY: Jones.

25 BOARD MEMBER JONES: Aye.

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1 BOARD SECRETARY: Medina.

2 BOARD MEMBER MEDINA: Aye.

3 BOARD SECRETARY: Paparian.

4 BOARD MEMBER PAPARIAN: Aye.

5 BOARD SECRETARY: Roberti.

6 BOARD MEMBER ROBERTI: Aye.

7 BOARD SECRETARY: Moulton-Patterson.

8 CHAIR MOULTON-PATTERSON: Aye.

9 Mr. Mohajer. Is Mr. Mohajer --

10 MR. MOHAJER: I'll pass, Madam Chair, since

11 Mr. Jones --

12 CHAIR MOULTON-PATTERSON: I'm so sorry,

13 Mr. Mohajer. I apologize.

14 MS. VILLA: Susan Villa, and the next portion of

15 this agenda item is the allocation, the reallocation of

16 the \$379,550 of savings in the provision 1 language, the

17 Recycling Market Development Account. And I just wanted

18 to highlight that those fundings need to be used for

19 market development activities as it was laid out in

20 provision 1. Also, a revised Attachment E was handed out

21 and that has the revised executive staff recommendations

22 that brought the allocations more in line with the

23 savings that were available.

24 So we can go through these one by one or are

25 there any questions?

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1           BOARD MEMBER EATON: I'm confused. That's not  
2 surprising. We asked for clarification. There's a  
3 separate reallocation item and then an RMDZ item; is that  
4 correct?

5           MS. VILLA: It's one agenda item and the first  
6 part was for the allocation of the Integrated Waste  
7 Management Account funding --

8           BOARD MEMBER EATON: Right.

9           MS. VILLA: -- and the second part is the  
10 reallocation of the Recycling Market Development funding.

11          MS. JORDAN: The second part of it was for  
  
12 concepts that were related to RMDZ funds that we thought  
13 that we were going to be getting this year out of  
14 provision 1. When that did not occur, we brought these  
15 concepts forward anyway. And knowing that we have  
16 \$379,550 in savings from the previous two fiscal years,  
17 we looked at the current concepts and the potential for  
18 reallocating these funds to these 2000-2001 concepts.

19          BOARD MEMBER EATON: What I'm trying to get at  
20 is when we've had these discussions in the briefings, I  
21 want to make sure that it's savings and not issues where  
22 there are entities out there that have relied upon these  
23 grants -- funds and all of a sudden we're changing and  
24 reallocating that. I don't think that's a fair  
25 situation.

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1           What I don't understand is on this list, school  
2   gardens for instance, is reduced from \$275,000 to  
3   \$150,000. There is a statutory provision that we have to  
4   give preferential treatment to that particular program.  
5   That's within the legislation. I will be happy to read  
6   that legislation as well. So what I'm finding out is  
7   what is the savings and then what is the RMDZ allocation.  
8   There's two things. If someone hasn't completed a  
9   contract that's one thing, but we are in that gray area  
10  where there are some of these which have gone forward and  
11  people are relying upon this money that we are now  
12  cutting this money.

13           MS. VILLA: I guess I can address that. The  
14  list before you on it Attachment E is the -- these are  
15  new proposals this year. These were originally intended  
16  for funding from the 2000-2001 Governor's budget where we  
17  thought we were going to get the additional provisional,  
18  but we didn't. And so to fund any of these brand-new  
19  concepts, the only way we could fund any of them would be  
20  from savings from the previous two allocations, from the  
21  98-99 fiscal year and the 99-2000 fiscal year.

22           The savings that we were able to identify is the  
23  \$379,550, and we have a chart that shows where that  
24  savings came from, and these are brand-new concepts that  
25  we can allocate those fundings to.

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1           BOARD MEMBER EATON: And the sheet that was  
2 handed out is different from the sheet that we were  
3 briefed on.

4           MS. JORDAN: You have two separate issues, I  
5 think, is what you're addressing. In the 99-2000, some  
6 of these same types of concepts were allocated by the  
7 Board. These on this sheet that you're looking here that  
8 says revised Attachment E, this is exactly the 2000-2001  
9 request. It is not in any relation to the 99-2000. Some  
10 of them are expansions or continuations of the 99-2000,  
11 but these are brand-new.

12          BOARD MEMBER EATON: Well, but the sheet is  
13 different than what we were handed in our packet. I have  
14 here that it was executive staff's recommendation for  
15 \$40,000 for -- it looks to be either sustainable  
16 landscape education and partner program and organics -- I  
17 can't tell which one it is -- and on the list I got today  
18 there's nothing there. So this is a different sheet than  
19 what we were briefed on.

20          MS. JORDAN: What we handed out this morning is  
21 that we were asked at the briefing for exec staff to go  
22 back and take a look at bringing the savings that was  
23 available of \$379,000 more in alignment with what the  
24 current 2000-2001 proposals are, and that's what this new  
25 sheet reflects.

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1           BOARD MEMBER EATON: So for purposes of just  
2 where we are, then this would be a sheet where we could  
3 put Senator Roberti's AB 75. I just want to make sure  
4 that this is where we're going.

5           MS. JORDAN: This will be the sheet that we work  
6 from, yes.

7           BOARD MEMBER EATON: Okay.

8           CHAIR MOULTON-PATTERSON: Mr. Medina.

9           BOARD MEMBER MEDINA: The sheet that we're  
10 currently working on is the one that just says revised  
11 executive staff recommendation? That's the latest one?

12          MS. VILLA: Yes. That's the latest sheet.

13          CHAIR MOULTON-PATTERSON: Mr. Paparian.

14          BOARD MEMBER PAPARIAN: Some of the things went  
15 from -- Mr. Eaton is pointing out from funding to zero,  
16 and I'm looking down the list and trying to sort out,  
17 but the conversion technology workshops, I guess, are  
18 among those and then several others.

19               What sort of criteria were used in deciding what  
20 gets the bucks and what doesn't get the bucks?

21          MS. JORDAN: What exec staff did was we went  
22 back and we took a look at what we had previously been  
23 funding. We also took a look at -- one of the requests  
24 that came from the briefing was to develop a listing of  
25 the previous two fiscal years' worth of funding and the

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1 categories we funded against. And in doing so -- could  
2 we put that chart up, please? In doing so, what it  
3 appeared to look like is that not a whole lot had been  
4 addressed in the area of one of the Governor's main  
5 initiatives, which is education. So we went through with  
6 that in mind as far as criteria and prioritized based on  
7 that.

8 BOARD MEMBER PAPARIAN: In terms of what's not  
9 going to get done, what's not going to be done like the  
10 green building program and this organics cross-media  
11 program? What are we losing out on here?

12 MS. JORDAN: With regards to the green  
13 building -- did you also say organics?

14 BOARD MEMBER PAPARIAN: I'm sorry. I'm trying  
15 to compare. The two charts don't line up so I'm trying  
16 to figure out what got cut out.

17 MS. VILLA: The ones that are different from the  
18 original chart are Concept Number 35 went to zero. It  
19 was originally at \$40,000 for the executive staff  
20 recommendation. Concept Number 39, the cross-media  
21 partnerships went from \$85,000 to zero, and 26 went from  
22 \$50,000 to zero. And the school district diversion went  
23 down \$25,000.

24 BOARD MEMBER PAPARIAN: Back to the question of  
25 what are we missing out on as a result of that. What are

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1 we not going to be funding?

2 MS. VILLA: Concept 35 is the sustainable  
3 landscape educational program partnerships, and the  
4 concept would further the efforts that the Board has made  
5 in the area of grass-cycling and landscape management by  
6 targeting audiences that play a key role in landscape  
7 management including the state licensing agencies,  
8 educational institutions and industry associations.

9 Concept 39, the conversion technology workshops,  
10 this concept would initiate new partnerships with state  
11 agencies and continue with some that have common  
12 interests in the management of organic materials, for  
13 example, our partnership with the Department of Food and  
14 Ag.

15 And on green building technology support the  
16 contractor would provide critical technical support to  
17 the goals and objectives to the Board's sustainable  
18 building plan, in particular the work the Board is doing  
19 with the Department of General Services regarding  
20 identifying a high profile prototype building for  
21 highlighting and using as a model.

22 And Concept Number 42 would be -- the grant  
23 program would be reduced by \$25,000.

24 BOARD MEMBER PAPARIAN: On -- let's take the  
25 green building just for an example right now. We do

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1 have -- there is an executive order on green buildings.  
2 There is also a piece of legislation by Deborah Bowen on  
3 the Governor's desk with regards to green buildings.  
4 Will we not be able to do things that might be required  
5 either under the Executive Order or if the legislation  
6 were to be signed or any other legal requirements that  
7 might be out there if we don't fund that green building  
8 portion?

9 MS. JORDAN: I would have to defer to program  
10 staff on that.

11 BOARD MEMBER EATON: Perhaps again I think  
12 there's some monies that may be available that may not be  
13 familiar with it, and I want to first make reference to  
14 Ms. Moulton-Patterson, our Chair, that it's not directed  
15 at her because this is a program I know that's very near  
16 and dear to her heart, but there is the RCBP in-school  
17 construction collaborative for high performance schools.  
18 We're allocating \$100,000. My understanding is that we  
19 gave them \$200,000 last year and they haven't spent a  
20 dime of it and we're going to be giving another \$100,000  
21 this year. And furthermore, we have just received here  
22 in the state of California \$3.5 million of grants from  
23 the Department of Energy for, quote, "To develop, test  
24 and expand the use of clean energy technologies and  
25 greening in our schools." So we're getting additional

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1 more money into that pot.

2           So the question that I would have to see if we  
3 can allocate is if indeed that money wasn't spent, should  
4 we be giving them more money; and if not, then perhaps  
5 there's money for green building that we can put into it  
6 as part of the schools program, not taking from an energy  
7 side but taking it for the green building side. Are  
8 you -- go ahead.

9           CHAIR MOULTON-PATTERSON: I just wanted to  
10 comment on that, that it hasn't been spent or -- Mr. Orr.  
11 I just want to understand and I agree if it hasn't. We  
12 have lots of other things.

13           MR. ORR: Well, in terms of the money that we  
14 entered into an interagency agreement with the Energy  
15 Commission, I don't know whether or not the dollars that  
16 we allocated have been invoiced yet, but I know that the  
17 work that we're contributing the money for is in the  
18 process of being done.

19           Probably the most notable things currently that  
20 are being done is a design guide of best practices is  
21 currently available in draft form. That's one of the  
22 work products that was part of our money. And then  
23 probably the next item is that there will be two  
24 workshops that will be held in Southern California for  
25 school district folks on high performance schools at the

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1 end of October.

2           So those are two key work products that while  
3 that money may not have been invoiced, that work is  
4 currently being done. I think that we do have money that  
5 will be spent over a period of time in accordance with  
6 the work plan, but the money that we're envisioning for  
7 the high performance schools here would be for work  
8 that's not yet been contemplated in that work plan or  
9 specifically the establishment of demonstration schools.  
10 The Energy Commission is looking at part of this effort  
11 to try to establish eight demonstration schools in this  
12 state and I think what we would be looking to is to have  
13 some money to contribute toward that effort.

14           The work is currently under way for the money  
15 that we have allocated, and the request that we have  
16 before you would be to allocate for additional work  
17 that's not yet been funded.

18           CHAIR MOULTON-PATTERSON: Thank you.

19           BOARD MEMBER EATON: They have about a couple of  
20 million dollars; right?

21           MR. ORR: I think you're referring to -- are you  
22 referring to the new legislation that was just signed?

23           BOARD MEMBER EATON: No. No.

24           MR. ORR: Ours is actually --

25           BOARD MEMBER EATON: I'm talking about the

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1 Energy Commission's pot that we've put in that we haven't  
2 been invoiced.

3 MR. ORR: Our money was only a small fraction.  
4 My understanding was that they have put in approximately  
5 a million-plus dollars and then we augmented that by  
6 \$200,000 to focus more on the materials and green  
7 building part as opposed to the energy part.

8 BOARD MEMBER EATON: And they've only spent  
9 about \$100,000 of that.

10 MR. ORR: It's a three-year work plan.

11 CHAIR MOULTON-PATTERSON: Is that million or \$2  
12 million from like PG&E and -- aren't they partners?

13 MR. ORR: It's probably public good's money.  
14 Yeah. That would be part of it.

15 CHAIR MOULTON-PATTERSON: Thank you.

16 BOARD MEMBER EATON: That's what I was trying to  
17 be protective of is this \$100,000 part of the plan that  
18 we're going forward through, but from your testimony it's  
19 the stuff that isn't part of that three-year work plan,  
20 it's just what might be done in the future.

21 MR. ORR: Right.

22 BOARD MEMBER EATON: Without -- we haven't even  
23 completed the three-year work plan.

24 MR. ORR: Correct.

25 BOARD MEMBER JONES: Madam Chair.

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1                   CHAIR MOULTON-PATTERSON: Mr. Jones.

2                   BOARD MEMBER JONES: I think one other thing  
3 that when we talk about we're not going to put into money  
4 into green building or into the organics side as far as  
5 the grass-cycling, I think that has to be maybe on this  
6 go-around, but didn't we put in close to \$300,000 or  
7 something or \$200,000 in grass-cycling activity over the  
8 last two years through northern and Southern California?  
9 I think we -- we allocated \$7 million over the last two  
10 years to promote markets for recycled goods and I  
11 don't -- I'm not sure that there was a category that  
12 didn't get touched by that \$7 million.

13                  So maybe the more prudent thing might be to do a  
14 partial allocation here dealing with the AB 75 video and  
15 maybe something else, and maybe the next go-around we can  
16 get a summary of the dollars, where they were spent, how  
17 much on green building, what were the items, how much on  
18 sustainability, how much on grass-cycling to give  
19 everybody a better view.

20                  We spent over \$7 -- we've allocated \$7.6 million  
21 that has had tremendous impact throughout this state and  
22 I understand exactly what you're trying to do is say  
23 here's the dollars you haven't allocated, where do you  
24 want to put it.

25                  I think the AB 75 video is critical. I think

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1 that some of the other things. Maybe if you come back  
2 with some of the issues that Mr. Eaton brought up and the  
3 Chair, maybe we would have that in a different frame.  
4 Does that make sense?

5 CHAIR MOULTON-PATTERSON: It does. I wouldn't  
6 want to take out anything with the school gardens.

7 BOARD MEMBER EATON: I'm protective of the  
8 program. That's why I mentioned it, that I wanted to  
9 make sure that we're spending the money and getting them  
10 going because it is important, especially with the  
11 schools, the schools and the state agencies, the two S's  
12 are the ones that have really caused us the problems in  
13 terms of reaching overall goals and whatever we can do to  
14 help those out is where I want to continue. So I want to  
15 be very careful that if we didn't allocate those monies  
16 or what have you.

17 BOARD MEMBER JONES: And I've got an issue,  
18 Madam Chair, that the conversion technology things that  
19 we're talking about. If there was never a time in  
20 history looking at the newspaper every day when people  
21 are laying in front of trucks because there isn't enough  
22 fuel to power the equipment and with the issues that  
23 we're dealing with with no-sulfur diesel fuels in the  
24 South Coast Air District, this technology that we're  
25 talking about having a discussion about is not about

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1 burning garbage. It's about the next step in solid waste  
2 management where you take cellulose and turn it into  
3 fuel.

4 I mean think about where we came from and what  
5 we've been doing. Mr. Paparian and I have been doing a  
6 little bit of work, as did others around here, on trying  
7 to make sure that this state stayed involved and  
8 understood those issues, but I think the issues around  
9 gas crises and those types of things, we had better  
10 understand this may be potentially an answer in the  
11 long-term that can be coming out of our disposal trucks  
12 and transfer stations and material recovery facilities as  
13 well as our fields of harvested rice.

14 I would not want to see this Board not take that  
15 seriously because it is the next generation of where  
16 we're going to go. You can only compost so much stuff  
17 and you can only use so much ADC. You've got to start  
18 looking outside of the box and this would help facilitate  
19 that discussion on our terms.

20 CHAIR MOULTON-PATTERSON: Any other comments?  
21 Anybody like to make a motion for this?

22 BOARD MEMBER JONES: Madam Chair.

23 CHAIR MOULTON-PATTERSON: Mr. Jones.

24 BOARD MEMBER JONES: I only want to do a partial  
25 allocation here and that would be of \$50,000 for the AB

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1 75 video and \$100,000 to the diversion -- what's the one  
2 that's mandated? Diversion grants, AB 75 diversion  
3 grants.

4 BOARD MEMBER EATON: I think it's 43. AB 75  
5 diversion grants, 43. And then school gardens.  
6 Statutorily school gardens we have to give preferential  
7 treatment to under the legislation that was signed and  
8 put in the budget, and then 43 is part of the  
9 legislation. So 45 and 43. I don't know about 42.

10 BOARD MEMBER JONES: That's the diversion grant,  
11 AB 75 -- I don't know.

12 BOARD MEMBER ROBERTI: Could somebody explain to  
13 me what exactly 42 is?

14 BOARD MEMBER EATON: Yeah. I don't --

15 BOARD MEMBER JONES: We're not sure.

16 BOARD MEMBER ROBERTI: I just don't know.

17 MS. VILLA: The brief summary is this concept is  
18 to provide funding for school districts to assist them in  
19 implementing their waste diversion programs and  
20 procurement programs.

21 BOARD MEMBER ROBERTI: That's not terribly --  
22 I'm still kind of in the dark.

23 BOARD MEMBER PAPARIAN: Is that the contract we  
24 voted on back in May? It's different?

25 MR. SCHIAVO: Good afternoon. Pat Schiavo

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1 again.

2 Item 42 is to provide school district funding in  
3 grants. We haven't put an amount yet, but the idea is to  
4 provide some kind of seed money for particular school  
5 districts throughout the state to get their enhancements  
6 to diversion programs, whether they be existing or  
7 implement brand-new programs, but it's in concept only.  
8 There's not a lot of specifics to it at this point in  
9 time.

10 BOARD MEMBER PAPARIAN: How does it relate to  
11 the contract we put out in May?

12 MR. SCHIAVO: The contract in May is for model  
13 school district diversion programs, and this could  
14 actually be an adjunct to that. Once we start putting in  
15 place I believe about a half dozen models, then we can  
16 utilize information from that for giving out grants.

17 CHAIR MOULTON-PATTERSON: While you're  
18 formulating your motion, Mr. Jones, I would just like  
19 to -- and I might not have all these numbers right, but  
20 speak to keeping as much that go to the schools in as  
21 possible. I know last year when we were going through  
22 this process, and I was very new, but there was \$7  
23 million, I think, going to concepts and only \$345,000 was  
24 for schools. I just feel -- I know you get tired of  
25 hearing it, but I feel unless we influence our children

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1 in the schools and do everything we can to the schools,  
2 you know I think it's just critical.

3 So I'm going to fight every time for schools and  
4 so I would just really hope that we could leave as much  
5 that touches the schools in as possible.

6 BOARD MEMBER JONES: Madam Chair.

7 CHAIR MOULTON-PATTERSON: Mr. Jones.

8 BOARD MEMBER JONES: Question. On the  
9 instructional -- school instructional gardens, that is in  
10 statute. What other of the school ones are the  
11 nearest -- which ones do you think have the biggest need  
12 of the -- I mean the school construction one seems like  
13 that's one that Department of Energy is going to help  
14 fund.

15 CHAIR MOULTON-PATTERSON: I think that Number 42  
16 and then the school gardens would be the most important  
17 to me because if we can further that program, it is  
18 teaching the kids by example and we can have children  
19 involved. So those two would be my first choice.

20 BOARD MEMBER JONES: To not be a -- let me just  
21 ask you a question. The AB 75 recycling grant, if we did  
22 it \$150,000 and \$50,000 was for the video, that would  
23 provide the grants that are required by law plus the  
24 funding for the video; right? The school district  
25 diversion grants, the request was \$250,000. I want to

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1 come back to that because I want to do the math, but  
2 let's say less than that obviously. The school  
3 instructional gardens at \$100,000.

4 CHAIR MOULTON-PATTERSON: Well, staff's  
5 recommending \$150,000. I would like to see it stay at  
6 \$150,000. I would rather see -- that's my number one  
7 choice. I don't know how other Board Members feel. I  
8 think it's really an important project.

9 BOARD MEMBER JONES: Because we have \$379,000  
10 total.

11 BOARD MEMBER ROBERTI: On the diversion grants,  
12 could we, Madam Chair, lower that one a little bit?

13 CHAIR MOULTON-PATTERSON: Yeah. I would rather  
14 see that one lowered than the other, than the  
15 instructional gardens.

16 BOARD MEMBER ROBERTI: Right now it's budgeted  
17 at what, \$150,000. \$125,000?

18 BOARD MEMBER JONES: Madam Chair.

19 CHAIR MOULTON-PATTERSON: Mr. Jones.

20 BOARD MEMBER JONES: Since everybody is trying  
21 to work this one portion, is there any way we can  
22 continue this until tomorrow, this one piece, and let  
23 people think about what their preferences are?

24 CHAIR MOULTON-PATTERSON: That's fine with me.  
25 How does the Board feel about this? Okay. Hearing no

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1 objection.

2 BOARD MEMBER EATON: Keep the education. I like  
3 that.

4 BOARD MEMBER ROBERTI: Take it up first thing.

5 CHAIR MOULTON-PATTERSON: First thing in the  
6 morning we'll take this up so we can really take a look  
7 at it. Now, on Number 2 do we still adopt a resolution  
8 or we wait until this piece is done?

9 MS. VILLA: When this piece is completed it can  
10 be adopted through resolution.

11 CHAIR MOULTON-PATTERSON: Thank you. I would  
12 like to, as I said this morning, take -- well, I had  
13 promised to take two out of order and hear them today,  
14 Number 15 and then Number 20, and then I had a request to  
15 take the WRAP awards, Number 5, out of order because  
16 people are here today and as a courtesy I would like to  
17 do this. So I would like to do 5 now, then 15 and then  
18 20, and then maybe we'll take a break.

19 Number 5, please. This is consideration of  
20 approval of designation of the 2000 Waste Reduction  
21 Awards Program winners or WRAP awards.

22 MS. WOHL: Madam Chair, Board Members, Patti  
23 Wohl, Waste Prevention and Market Development Division.

24 Item 5, consideration of approval of designation  
25 of the 2000 Waste Reduction Awards Program WRAP winners.

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1 Jeff Hunts will present.

2 MR. HUNTS: Good afternoon, Board Members.

3 Before I begin, I believe --

4 MS. TOBIAS: Excuse me.

5 MR. HUNTS: -- legal has a few preamble words.

6 CHAIR MOULTON-PATTERSON: Thank you.

7 MS. TOBIAS: It's not a few, it's actually more.

8 Let me read a statement just because it needs to be in  
9 the record on conflict of interest with a few of the  
10 Board Members this afternoon.

11 The Political Reform Act prohibits public  
12 officials from making or participating in the making of a  
13 governmental decision in which he or she knows or has  
14 reason to know that he or she has a qualifying conflict  
15 of interest. A public official has a conflict of  
16 interest if the decision will have a reasonably  
17 foreseeable material financial affect on one or more of  
18 his or her economic interests.

19 The potential WRAP awards winners listed in this  
20 agenda item would be considered to be directly involved  
21 in a governmental decision because they filed an  
22 application for a WRAP award and are the subject matter  
23 of the item. The general rule for business entities  
24 directly involved in a decision is that the affect of the  
25 decision is material simply because it is directly

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1 involved in the decision, regardless of the actual  
2 monetary impact, unless there is absolutely no monetary  
3 impact on the entity.

4 All that, suffice to say, is basically to set  
5 the stage for the Members who will not be voting on  
6 several of the items. So this general rule will apply to  
7 three of the Board Members who have interests in 19 of  
8 the companies listed in Attachment 1, and we passed that  
9 out to the Board Members. None of the Board Members have  
10 an interest in the same company. So in order to avoid a  
11 conflict of interest based upon consultation with the  
12 Fair Political Practices Commission, the discussion on  
13 this item and the voting on this item will be segregated  
14 as follows:

15 All members may discuss the issues identified in  
16 the agenda item related to review of compliance with  
17 CIWMB regulatory programs because none of the companies  
18 in which Board Members have an interest will be impacted  
19 by this issue. Board Members Eaton, Paparian and Roberti  
20 will abstain from participating in the discussion  
21 regarding any other part of this item. The vote on the  
22 resolution for this item will be done through four  
23 separate motions so that no Board Member will be voting  
24 regarding the company or companies in which he has an  
25 interest, and so I will provide more of the details once

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1 you get to the motion and the voting on that.

2 CHAIR MOULTON-PATTERSON: I will be calling on  
3 you for the motions.

4 MS. TOBIAS: Thank you.

5 CHAIR MOULTON-PATTERSON: Thanks.

6 MR. HUNTS: Thank you. My name is Jeff Hunts.  
7 I'm a supervisor of the Business Resource Efficiency Unit  
8 within Waste Prevention and Market Development. And let  
9 me take this opportunity to wish you all a happy National  
10 Pollution Prevention Week. As noted, this item requests  
11 that the Board consider approval of the proposed list of  
12 Waste Reduction Award Program winners for the year 2000.

13 The WRAP program this year received well over  
14 1,900 applications, more than triple last year's  
15 record-setting effort. These applications have been  
16 scored and 1,898 applicants have scores that qualify them  
17 for the WRAP award. A list of the proposed winners is  
18 contained in Attachment 1. All the proposed winners were  
19 reviewed for compliance with the Board regulatory  
20 program.

21 By way of a very short history of the WRAP  
22 program, it was established in 1992 as a program to  
23 recognize businesses and non-profit organizations who  
24 voluntarily reduced their waste and assist local  
25 jurisdictions in meeting their AB 939 goals. The first

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1 application and awards cycle took place actually in 1993.  
2 There were 149 winners then. Last year there were 566  
3 winners. It should be noted that the 566 winners last  
4 year reported a cumulative diversion of 1.5 million tons  
5 and a net savings of \$30 million.

6 This year, the eighth year of the program, the  
7 goal was set for the millenium to reach 1,000 winners and  
8 we actually received nearly 2,000 applications. The  
9 proposed winners for the year 2000 as noted, 1,898, over  
10 triple last year, I would like to commend staff and the  
11 students for scoring all of the applications. It was an  
12 extraordinary effort.

13 All of the applications went through a  
14 compliance review with the Board's regulatory programs.  
15 That would include Permitting and Enforcement review,  
16 newspaper and trash bag certification minimum content  
17 review, and a review with regards to the Rigid Plastic  
18 Packaging Container program, RPPC.

19 There were five proposed WRAP winners whose  
20 parent corporation have RPPC issues. As I just said, the  
21 parent companies of five of the WRAP winners, proposed  
22 WRAP winners, were identified as being out of compliance  
23 with the 1996 RPPC compliance year and are currently  
24 under agreements with the Waste Board to bring them into  
25 compliance by January of next year, 2001. The five

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1 applicants are 3-M of Monrovia in Los Angeles County; 3-M  
2 in Petaluma in Sonoma County; Toro Irrigation Division of  
3 Riverside County; Pep Boys in Vernon, Los Angeles County;  
4 and Pennzoil, also in Vernon of Los Angeles County.

5           Because WRAP is a voluntary recognition program,  
6 not a regulatory program, the WRAP program has deferred  
7 to the recommendation of the RPPC program and is  
8 recommending to the Board to suspend award of WRAP  
9 recognition to these five businesses.

10           So with that, staff's recommendation is for the  
11 Board to accept the WRAP 2000 applications scoring  
12 process and approve all of the 1,898 businesses contained  
13 in Attachment 1, those with qualifying scores, as the  
14 year 2000 WRAP winners but suspend the award to the five  
15 applicants whose parent companies have been identified as  
16 being under Rigid Plastic Packaging compliance agreements  
17 until such time as the companies meet their compliance  
18 agreements; and furthermore, to direct staff to promote  
19 these winners during this week, National Pollution  
20 Prevention Week, and do this through adopting Resolution  
21 2000-382 as amended to not have the conflict of interest  
22 issues.

23           MS. TOBIAS: Madam Chair, could I make a  
24 suggestion on that? When it comes time, I might suggest  
25 the Board vote separately on the staff's suggestion of

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1 suspending those applicants and then awarding it once  
2 they're complied as opposed to doing the whole motion.  
3 You'll notice that in your resolution at the moment it's  
4 one of the -- I think it's in the resolution section of  
5 the whole resolution, but I might suggest the whole Board  
6 can vote on that particular issue and so I think it might  
7 be clear and also set out kind of a policy for what the  
8 Board is doing if we vote on that separately, so it's  
9 just a suggestion.

10 CHAIR MOULTON-PATTERSON: Thank you.

11 MR. HUNTS: Is there any questions?

12 BOARD MEMBER PAPARIAN: I hope I don't stray  
13 from what I'm supposed to talk about and not talk about.  
14 I raised a question during the workshop about companies  
15 that are subject to enforcement actions outside of the  
16 Waste Board. In particular, I was aware of at least one  
17 company that had a major recent action against it with  
18 regards to air quality and water quality violations.

19 I'm not objecting to anybody on this list based  
20 on that issue, but I wanted to alert the Board that I do  
21 intend to follow up to find out whether in similar awards  
22 programs at other entities within state government there  
23 are any efforts made to look at enforcement actions  
24 against those companies, and then based on that and other  
25 stuff that my office might gather I might want to come

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1 back to the Board with some suggestions for next year.

2 CHAIR MOULTON-PATTERSON: Okay. Thank you for  
3 bringing that up. We do have a speaker. Do Board  
4 Members have any questions before I call on the speaker?  
5 Hearing none, Bill Tomasic.

6 MR. TOMASIC: Close enough.

7 CHAIR MOULTON-PATTERSON: Sorry.

8 MR. TOMASIC: I just heard this gentleman say  
9 that he wasn't going to -- staff was recommending that, I  
10 believe, Pep Boys and what have you are not going to be  
11 allowed to be granted a WRAP award, it's going to be  
12 suspended or something of that type. I think that's very  
13 highly unfair. I don't know the nature of anybody else  
14 other than the Toro Company in that the Toro Company has  
15 taken the last year and a half in the irrigation division  
16 in Riverside and has actually reduced reduction of  
17 landfill diversion to the tune of over a hundred tons of  
18 sprinklers, used garden golf course sprinklers, ones that  
19 I hit with my club quite often. And Mr. Nuffer, I  
20 believe, I've not met him but we understand that the Toro  
21 Company has been very, very diligent in being compliant  
22 with the Rigid Plastic regulations.

23 So what I want to say is if we're not awarded  
24 that on the merit of our WRAP award application, that is  
25 totally unfair.

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1 CHAIR MOULTON-PATTERSON: Thank you very much.

2 MR. TOMASIC: Thank you.

3 CHAIR MOULTON-PATTERSON: We will take that into  
4 consideration.

5 BOARD MEMBER JONES: What company?

6 CHAIR MOULTON-PATTERSON: Was that Toro?

7 MR. TOMASIC: Toro Irrigation in Riverside.

8 CHAIR MOULTON-PATTERSON: That was your  
9 suggestion to vote on those separately?

10 MS. TOBIAS: I'm suggesting that the Board could  
11 vote on this one, the compliance issue where there's a  
12 pending enforcement action. So you could either vote on  
13 that and with respect to all of them at once, or the way  
14 the resolution was written it was folded into that, but  
15 both for the fact that this is somewhat setting a future  
16 direction and the fact that all Board Members can vote on  
17 that particular issue, I thought it might be best to  
18 resolve that first and then move on to where each Board  
19 Member may not be voting on a specific award.

20 CHAIR MOULTON-PATTERSON: Mr. Jones.

21 BOARD MEMBER JONES: Madam Chair, I just want to  
22 ask the speaker a couple of questions because I think he  
23 and I share the same view.

24 MR. TOMASIC: We're about the same size.

25 (Laughter)

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1               BOARD MEMBER JONES: Don't talk bad about  
2 yourself like that. Give yourself a break.

3               (Laughter)

4               BOARD MEMBER EATON: That was a huge, huge  
5 statement.

6               (Laughter)

7               BOARD MEMBER JONES: You came up from Riverside?  
8 You run that division and came up?

9               MR. TOMASIC: I am the head of innovative waste  
10 management and I'm a consultant to the Toro Company. I  
11 have with me Mr. Richard Torres who is the manager of the  
12 project. And again, this is so important as an example.  
13 In this particular case, the Toro Company hired Ability  
14 Counts, which is a handicapped group, and they're  
15 employed steadily in the reduction of this program of  
16 materials that are going to a landfill. So it's an  
17 ongoing project. It's not a geez, that's nice,  
18 let's-put-a-plaque-on-the-wall-kind of thing. And that's  
19 what the WRAP awards is all about. It's not plaques on  
20 the wall.

21              The staff here has done a fantastic job. You  
22 talk about educational items and things that can go  
23 forward with are WRAP awards, and when somebody has a  
24 non-compliance or something to just stand up and say  
25 don't give them anything, that's not fair. I'm angry

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1 about it. I'm sorry. Now, if it's a gross violation,  
2 that's one thing, but when companies are striving, it's  
3 not easy to be compliant in the state of California.  
4 We're from Riverside and this is being handled in  
5 Bloomington, Minnesota.

6           So again, the WRAP award is a very, very  
7 important thing in the business world today and it should  
8 be carried forward very, very strongly because it's  
9 proven fact. It's not geez, it would be nice. This is  
10 materials that have been going to landfill and  
11 particularly plastics. Worse thing in the world going to  
12 landfill right now is plastic other than toxic or  
13 hazardous.

14           So again, that's what I'm saying about the whole  
15 thing.

16           CHAIR MOULTON-PATTERSON: Senator Roberti.

17           BOARD MEMBER ROBERTI: Yes, Madam Chair. I've  
18 given this a little thought since we were briefed on it  
19 last week and I felt free to give it some thought after  
20 counsel said I could --

21           (Laughter)

22           BOARD MEMBER ROBERTI: But I waited for  
23 clearance here. I can't think we should follow the old  
24 adage don't change rules in the middle of the stream.  
25 Otherwise those companies that have engaged in something

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1 positive, even though they may have a violation pending,  
2 not necessarily found, are going to be penalized for  
3 having done the right thing because then they feel they  
4 were in a better position if nobody had brought up the  
5 WRAP award and hadn't even offered rather than it be  
6 offered and taken away. So I don't think that's the way  
7 to go.

8           There is -- there is merit for our giving  
9 consideration to somebody who has a pending violation,  
10 but I don't think we should punish those who have done  
11 the right thing, may have a violation, and then be  
12 publicly slapped, not for the violation but be publicly  
13 slapped by having the thing they did good taken away from  
14 them. Maybe we should reexamine the rules.

15           MR. TOMASIC: Like an out-of-state ticket when  
16 you get right down to it.

17           (Laughter)

18           BOARD MEMBER ROBERTI: I don't think now is the  
19 time to do it.

20           CHAIR MOULTON-PATTERSON: Thank you, Senator  
21 Roberti. Mr. Jones, I think I cut you off.

22           BOARD MEMBER JONES: I couldn't have said it any  
23 better than the Senator did obviously.

24           BOARD MEMBER ROBERTI: That was my business  
25 dissertation for the month.

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1 (Laughter)

2 BOARD MEMBER JONES: And it matched closely to  
3 my environmental standards of promoting exactly what he  
4 does. Toro is looking at a two-ounce bottle that leaks  
5 when the solvent is added to it and trying to get the  
6 recycled content, and they're working on it. That has  
7 nothing to do with bookkeeping.

8 MR. TOMASIC: The interesting thing, just a side  
9 line, where I believe this gentleman gets, I believe he  
10 had 1.5 million tons of diversion. I can tell you right  
11 now that's not corrugated boxes and -- I don't know --  
12 aluminum cans or some of the standard recyclables. This  
13 is hard stuff and that's what's the most important thing  
14 of the WRAP award.

15 CHAIR MOULTON-PATTERSON: Thank you very much.

16 BOARD MEMBER JONES: Madam Chair.

17 CHAIR MOULTON-PATTERSON: Mr. Jones, did you  
18 want to make a motion?

19 BOARD MEMBER JONES: I want to make a motion.  
20 I'm understanding I have to make these in this order?

21 MS. TOBIAS: Right. Exactly.

22 BOARD MEMBER JONES: Okay. Madam Chair.

23 CHAIR MOULTON-PATTERSON: Excuse me just one  
24 moment so I understand. I thought you wanted us to take  
25 this exception first.

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1           MS. TOBIAS: I think what he can do if it's the  
2 sense of the Board that you basically want to award to  
3 all of the winners and not hold any back, then all we  
4 need to do is change the resolution in the resolved  
5 clause and just take that language out that says, "But  
6 suspend the award to the five applicants," and in that  
7 case you could just basically go through all those.

8           CHAIR MOULTON-PATTERSON: Sorry, Mr. Jones.

9           MS. TOBIAS: Does that make sense?

10          CHAIR MOULTON-PATTERSON: Yes. Mr. Jones.

11          BOARD MEMBER JONES: Madam Chair, I'm going to  
12 make four motions here. I want to move adoption of  
13 Resolution 2000-382 to be revised to reflect -- we're  
14 going to do Cisco Systems; right? So I'm moving  
15 2000-382, the adoption of Cisco Systems and their  
16 subsidiaries to be awarded the WRAP award.

17          CHAIR MOULTON-PATTERSON: I'll second that.

18 Moved by Mr. Jones, seconded by Moulton-Patterson.

19          MS. TOBIAS: I'll just point out that Board  
20 Member Eaton is not voting on this item.

21          BOARD MEMBER EATON: On the advice of counsel.

22          MS. TOBIAS: On the advice of counsel.

23          BOARD MEMBER EATON: Thank you. I learned,  
24 Senator.

25          CHAIR MOULTON-PATTERSON: So this is Resolution

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1 2000-382 on the Cisco.

2 Madam Secretary, please call the roll.

3 BOARD SECRETARY: Eaton.

4 CHAIR MOULTON-PATTERSON: Do you want to abstain?

5 BOARD MEMBER EATON: I recuse myself on the

6 advice of counsel.

7 CHAIR MOULTON-PATTERSON: Okay. Thank you.

8 BOARD SECRETARY: Jones.

9 BOARD MEMBER JONES: Aye.

10 BOARD SECRETARY: Medina.

11 BOARD MEMBER MEDINA: Aye.

12 BOARD SECRETARY: Paparian.

13 BOARD MEMBER PAPARIAN: Aye.

14 BOARD SECRETARY: Roberti.

15 BOARD MEMBER ROBERTI: Aye.

16 BOARD SECRETARY: Moulton-Patterson.

17 CHAIR MOULTON-PATTERSON: Aye.

18 BOARD MEMBER JONES: Madam Chair.

19 CHAIR MOULTON-PATTERSON: Mr. Jones.

20 BOARD MEMBER JONES: I would like to move

21 adoption of Resolution 2000-382 for the following

22 companies: IBM Corporate Environmental Programs

23 Department in San Jose; the Disneyland Resort in Anaheim;

24 Walt Disney Studios in Burbank; Walt Disney Imagery,

25 Glendale -- I can't read it with or without my glasses --

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1 ABC TV Hollywood (Disney) in L.A.

2 CHAIR MOULTON-PATTERSON: I'll second that.

3 MS. TOBIAS: And all Board Members will be

4 voting on this with the exception of Board Member

5 Paparian.

6 CHAIR MOULTON-PATTERSON: So it was moved by

7 Mr. Jones, seconded by Moulton-Patterson again,

8 Resolution 2000-382 on the so noted companies.

9 Please call the roll.

10 BOARD SECRETARY: Eaton.

11 BOARD MEMBER EATON: Aye.

12 BOARD SECRETARY: Jones.

13 BOARD MEMBER JONES: Aye.

14 BOARD SECRETARY: Medina.

15 BOARD MEMBER MEDINA: Aye.

16 BOARD SECRETARY: Roberti.

17 BOARD MEMBER ROBERTI: Aye.

18 BOARD SECRETARY: Moulton-Patterson.

19 CHAIR MOULTON-PATTERSON: Aye.

20 BOARD MEMBER JONES: Madam Chair, I want to

21 move adoption of Resolution 2000-382 for the company

22 Medtronic in Corona to receive the WRAP award.

23 CHAIR MOULTON-PATTERSON: I'll second that.

24 Moved by Mr. Jones, seconded by

25 Moulton-Patterson.

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1           MS. TOBIAS: All Board Members with the  
2 exception of Senator Roberti may vote on this resolution.

3           BOARD SECRETARY: Eaton.

4           BOARD MEMBER EATON: Aye.

5           BOARD SECRETARY: Jones.

6           BOARD MEMBER JONES: Aye.

7           BOARD SECRETARY: Medina.

8           BOARD MEMBER MEDINA: Aye.

9           BOARD SECRETARY: Paparian.

10          BOARD MEMBER PAPARIAN: Aye.

11          BOARD SECRETARY: Moulton-Patterson.

12          CHAIR MOULTON-PATTERSON: Aye.

13          BOARD MEMBER JONES: Madam Chairman.

14          CHAIR MOULTON-PATTERSON: Yes, Mr. Jones.

15          BOARD MEMBER JONES: I want to move adoption of

16 Resolution 2000-382 to consider approval of designation  
17 of the 2000 Waste Reduction Award Programs and want to  
18 amend the resolution to say, "Now, therefore, be it  
19 resolved that the California Integrated Waste Management  
20 Board hereby accepts staff's WRAP 2000 application  
21 scoring and approval of 1,898 businesses in Attachment 1  
22 qualifying 2000 WRAP applicants as the 2000 Waste  
23 Reduction Awards Program winners."

24          MS. TOBIAS: So I want to make clear that in  
25 Board Member Jones's motion what he's doing is moving

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1 both the remaining companies that have not yet been voted  
2 on and he is making in that motion a change in the  
3 wording of the resolution. So all the Board Members may  
4 vote on the motion.

5 BOARD MEMBER JONES: And those five suspended  
6 companies aren't suspended.

7 MS. TOBIAS: Are deleted from that.

8 BOARD MEMBER JONES: Are not deleted. They're  
9 part of the group.

10 MS. TOBIAS: They're deleted from the language  
11 in the motion.

12 CHAIR MOULTON-PATTERSON: I'll second that,  
13 Mr. Jones.

14 It was moved by Mr. Jones, seconded by  
15 Moulton-Patterson.

16 Madam Secretary, please call the roll.

17 BOARD SECRETARY: Eaton.

18 BOARD MEMBER EATON: Aye.

19 BOARD SECRETARY: Jones.

20 BOARD MEMBER JONES: Aye.

21 BOARD SECRETARY: Medina.

22 BOARD MEMBER MEDINA: Aye.

23 BOARD SECRETARY: Paparian.

24 BOARD MEMBER PAPARIAN: Aye.

25 BOARD SECRETARY: Roberti.

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1 BOARD MEMBER ROBERTI: Aye.

2 BOARD SECRETARY: Moulton-Patterson.

3 CHAIR MOULTON-PATTERSON: Aye.

4 Thank you.

5 At this time we'll take up Item 15, please.

6 BOARD MEMBER JONES: Madam Chair.

7 CHAIR MOULTON-PATTERSON: Yes, Mr. Jones.

8 BOARD MEMBER JONES: These folks that came up  
9 from Riverside, I want to thank them. They illustrated  
10 just how important this program is and probably helped  
11 deliver a good message.

12 CHAIR MOULTON-PATTERSON: Yes. Thank you from  
13 all the Board Members. We appreciate you coming up.

14 This is item 15, public hearing and  
15 consideration of approval to notice a 15-day comment  
16 period for proposed revisions to regulations to update  
17 enforcement-related provisions in Title 14.

18 MS. NAUMAN: Good afternoon, Madam Chairman and  
19 Board Members. Julie Nauman, Permitting and Enforcement  
20 Division.

21 As the Chair just indicated in reading the  
22 title, this is a public hearing in consideration of  
23 approval to notice 15-day comment on this regulation  
24 package. This package addresses through the regulatory  
25 process a number of legislative changes that occurred in

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1 1995 with the passage of AB 59 and address enforcement  
2 activities carried out by the Board as the Local  
3 Enforcement Agency as well as by your Local Enforcement  
4 Agencies.

5           This package was initiated back in June of 1999  
6 and the public -- the 45-day public comment period closed  
7 on May 8th of this year. When we briefed the Board  
8 Members last week on this item, I indicated to you that  
9 there was one item that remained at issue in the  
10 discussion with stakeholders in this package, but that  
11 we're not aware of any other controversial items. And I  
12 also indicated to you at that time that we were  
13 continuing to meet with the stakeholders in an effort to  
14 reach resolution on this issue.

15           I believe that we have reached resolution on  
16 that issue. The issue being what action of Local  
17 Enforcement Agencies or Board staff as EA constitute  
18 enforcement actions that are appealable. Through the  
19 discussions with all of the stakeholders, which included  
20 representatives from the California Conference of  
21 Directors of Environmental Health, which we often refer  
22 to as CCDEH, as well as LEAs and members of the industry,  
23 the resolution of this entails -- and at this point I  
24 would like to refer you to page 15-21 in your packet  
25 which is the language of the proposed regulations -- and

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1 in that Section 18011(a), which the language specifically  
2 the sentence beginning on line 16 and ending on line 17.

3           It is this language that the stakeholders have  
4 reached agreement on proposing to the Board would be  
5 deleted from the regulatory package and I'll read that to  
6 you now. Quote, "A violation is not an enforcement  
7 action for purposes of requesting a hearing before the  
8 hearing panel," end of quote. That is the language that  
9 we will suggest be deleted.

10           I think it's important to note, however, that  
11 through the discussions that ensued over this particular  
12 provision, all parties were enlightened about the  
13 respective interests that the stakeholders bring to the  
14 table. I think there's probably some more work that  
15 needs to be done on this issue, and so I think that we  
16 have an agreement among all the stakeholders that we will  
17 continue to work cooperatively to try and address the  
18 issues that were raised surrounding the discussion of  
19 this enforcement issue and the appealability, if there is  
20 such a word, of those particular kinds of actions.

21           Given that this is a public hearing, I would  
22 expect that you will hear from some of the stakeholders.  
23 Perhaps some of the individual LEAs may wish to address  
24 this issue further.

25           So unless you have any questions of your staff,

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1 I would suggest that you open the public hearing to  
2 comment.

3 CHAIR MOULTON-PATTERSON: Thank you. Any  
4 questions before we go to staff? Okay. We have a number  
5 of people that wish to speak. I mean speakers. Dan  
6 Avera.

7 MR. AVERA: Good afternoon, Madam Chair and  
8 Members of the Board. My name is Dan Avera and I'm with  
9 San Bernardino County Department of Public Health and the  
10 LEA.

11 Today I would like to support the position of  
12 deleting the one sentence in the definition of a  
13 violation, and I think the discussions that have taken  
14 place with the other stakeholders have been productive.  
15 I want to take this opportunity to thank Waste Board  
16 staff who have done an excellent job in facilitating  
17 these meetings and discussions. I think this is a well  
18 deserved compromised position.

19 I think it's important that we move towards a  
20 future and continue to work with the operators and the  
21 issue of what is appealable and enforcement actions.

22 The goal that I have in San Bernardino County is  
23 to ensure that the solid waste facilities are operating  
24 in compliance with the state laws and regulations and  
25 that if there are violations, that aggressive enforcement

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1 actions are taken. The enforcement regs have been around  
2 for -- proposed regs have been around for quite some time  
3 and I think it's time to move forward and have these  
4 proposed regulations adopted.

5 Thank you.

6 CHAIR MOULTON-PATTERSON: Thank you. Justin  
7 Milan.

8 MR. MILAN: Good afternoon, Madam Chair, Board  
9 Members. Thank you very much for the opportunity. Dan  
10 has basically said all I wanted to say. I just want to  
11 echo our thanks to the staff to have worked this out. It  
12 was quite a touchy issue at times, Julie and Mark and  
13 others.

14 The LEAs did have some concerns and I want to  
15 commend them on making some compromise on here. They did  
16 have concerns, as they testified at your Southern  
17 California meeting last month. They did not want to see  
18 this result in any chilling of their enforcement  
19 authority. Whereas on the other hand, we do understand  
20 that the industry was concerned just the reciprocal.  
21 They were concerned that they didn't have recourse to  
22 address their concerns if they felt that the LEA had  
23 acted inappropriately. So I think we have come up with a  
24 reasonable resolution to this.

25 Thank you for your time. We would like to be

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1 involved in the process of fine tuning it, whether it's  
2 in policy guidance documents or whatever so that we can  
3 ensure that this is workable while we review the process.

4 Thank you.

5 CHAIR MOULTON-PATTERSON: Thank you, Mr. Milan.

6 BOARD MEMBER JONES: Madam Chair.

7 CHAIR MOULTON-PATTERSON: Mr. Jones.

8 BOARD MEMBER JONES: Just real briefly I want to  
9 apologize to the Board and the stakeholders. I had asked  
10 last month when this was going down to pull the item  
11 because all of the folks that normally testify come out  
12 of the Sacramento region and it wasn't my intent to  
13 preclude anybody from testifying. So maybe another way  
14 to look at them the next time one of these issues comes  
15 up is that the consideration come after the second  
16 meeting where we can take testimony from north and south.

17 But I want to apologize to anybody who may have  
18 felt slighted. It was not my intent. I just didn't have  
19 a better solution. It was the end of the legislative  
20 session. It was just days before this madness was going  
21 to end and we were preoccupied with the tire bill. So I  
22 apologize for any discomfort that caused anybody.

23 CHAIR MOULTON-PATTERSON: Thank you, Mr. Jones.

24 Mr. William O'Rullian.

25 MR. O'RULLIAN: Thank you, Madam Chair. My

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1 name is William O'Rullian. I'm with Kern County  
2 Environmental Health and the LEA.

3 My comments are going to be similar to those  
4 that may be raised by Santa Barbara County LEA. I think  
5 we see eye to eye with them on this issue, but what I  
6 would like to add to this is we think that the appeal  
7 process needs to be standardized, and to focus on this  
8 one area with regard to solid waste facilities really  
9 loses the real point.

10 Currently we are doing a revocation of a couple  
11 of permits that for septic pumpers and normally your  
12 Board doesn't think about septic pumping vehicles, but it  
13 is part of the LEA responsibility and it is granted to us  
14 under Title 14. The area of -- that related to septic  
15 pumpers is actually in the Health and Safety Code, and if  
16 you look at the appeal processes for some of the LEA  
17 regulations that we enforce, they are lacking or  
18 nonexistent. There are areas of the state regulations  
19 where an appeal process really isn't well defined. So we  
20 think that rather than going into this one area and  
21 focusing on appeals on inspections for Solid Waste  
22 Facility Permits, there needs to be more review for all  
23 of the actions of an LEA as a whole as it may relate to  
24 vehicle inspections or other areas that we inspect on  
25 behalf of the Board.

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1           So that is our comment and we would not -- we  
2 would disagree with the option that a violation is  
3 something that can be appealed or go to a hearing.

4           Thank you.

5           CHAIR MOULTON-PATTERSON: Thank you.

6           Mr. Chuck White.

7           MR. WHITE: Thank you, Madam Chair and Members  
8 of the Board. Chuck White with Waste Management.

9           I wanted to just support the staff's  
10 recommendation to delete that sentence that has been  
11 echoed by representatives of I think most of the LEAs  
12 we've been talking to. It has been a very instructive  
13 and very educational process for all of us over the last  
14 few weeks, and I think we all gained a better perspective  
15 of where we're coming from. I think the recommendation  
16 of the staff to delete that sentence doesn't jeopardize  
17 anybody's point of view or anybody's position on anything  
18 but basically resolves it for the time being and we can  
19 go forward and see how this issue continues to develop  
20 outside of this rulemaking process.

21           So I really support the recommendation the staff  
22 has made and I urge you to go forward with the  
23 regulations by deleting that one sentence.

24           Thank you.

25           CHAIR MOULTON-PATTERSON: Thank you.

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1 Evan Edgar.

2 MR. EDGAR: Madam Chair, Members of the Board,  
3 Evan Edgar, Edgar and Associates, on behalf of the  
4 California Refuse Removal Council. We support the staff  
5 recommendation.

6 Thank you.

7 CHAIR MOULTON-PATTERSON: Thank you.

8 Mike Sohmaeling.

9 MR. SOHMAELING: Good day, Madam Chair, Board  
10 Members. It's good to see you all again. I'm  
11 representing not just Santa Barbara County but also the  
12 Enforcement Advisory Council.

13 This has been a long and chewed-on process. I  
14 appreciate the ability for us to testify last time. As a  
15 dog-faced regulator, Mr. Jones, I'll chase you down  
16 wherever you go.

17 There were several issues that were a very big  
18 concern to all of the LEAs and that's regarding the  
19 definition of enforcement actions, what's appealable,  
20 what isn't, is an inspection appealable, notation of  
21 violations, notice of violations. There's lots and lots  
22 of issues here that are very important, but again, I  
23 really have got to commend Mark DeBie and Julie Nauman  
24 and staff that have worked so diligently with this.

25 Also CCDH has also been really instrumental in

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1 trying to get down and hammer and hammer and hammer  
2 because I'll admit it. I've been a stubborn one on this.  
3 I'm not going to go into a lot of the EAC responses and a  
4 lot of the arguments because I think within -- it's  
5 almost 4:00 now. At about 2:00 we reached an agreement.  
6 So that will give you an idea how this has been hammered  
7 out.

8 We really liked the way the regs were originally  
9 written. It took a long time to write those and we  
10 wanted to stick with those, but we can live with the  
11 compromise that has been reached with the deletion of the  
12 last sentence. We do want to be sure that there is a  
13 process available to the operators for addressing  
14 grievances and we want to be sure that goes through a  
15 local process first.

16 And then finally, we do want to encourage and we  
17 know that there are steps afoot to standardize inspection  
18 and enforcement action protocol. We look forward to  
19 working with the EAC, look forward to working with the  
20 Waste Board staff and Cal/EPA in meeting those goals.

21 Thank you very much.

22 CHAIR MOULTON-PATTERSON: Thank you.

23 Paul Manasjan.

24 MR. MANASJAN: Good afternoon, Madam Board,  
25 distinguished Board Members. My name is Paul Manasjan.

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1 I'm Program Manager for the City of San Diego Solid Waste  
2 Local Enforcement Agency.

3 I'm here before you today on behalf of the solid  
4 waste specialists of Southern California. We are an  
5 organization that represents 14 LEA jurisdictions from  
6 southern Cal, including four cities and nine counties.  
7 We also serve as the Technical Advisory Committee for  
8 CCDH for the southern region of the state.

9 We met yesterday and we are in unanimous  
10 agreement to support the existing language in the latest  
11 draft. We commend Board staff for their long and hard  
12 efforts in preparing that. It took over three years to  
13 get where we are today. We do acknowledge there may be a  
14 need to come to some compromise and we reluctantly accept  
15 the proposal of staff, the latest proposal to eliminate  
16 that last sentence. We thought it did provide clarity  
17 and direction to both LEA and the industry on that, but  
18 we understand we need to compromise. If getting rid of  
19 that last sentence that states a violation is not an  
20 enforcement action that is appealable through the hearing  
21 panel process, we would be okay with that.

22 So again, we would like to thank you for this  
23 opportunity to comment.

24 CHAIR MOULTON-PATTERSON: Thank you very much.  
25 George Nakamura.

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1           MR. NAKAMURA: Good afternoon, Madam Chair and  
2 Board Members. Basically I would just like to reiterate  
3 on behalf of the northern California LEA group, and  
4 basically Contra Costa LEA in particular, support of the  
5 recommendation from the staff. Basically I think that  
6 we're definitely on the right track. Like Paul just  
7 mentioned, it's almost like a last second decision, but I  
8 think that we're headed in the right direction. I again  
9 want to commend the Waste Board staff and we look forward  
10 to working with them in the future.

11           CHAIR MOULTON-PATTERSON: Thank you very much.  
12 Donald Gambelin.

13           MR. GAMBELIN: Good afternoon, Madam Chair,  
14 Members of the Board. Just keep this brief.

15           Donald Gambelin with Norcal Waste Systems and we  
16 wanted to voice our support for staff's recommendation to  
17 delete probably one of the most talked about sentences in  
18 a regulatory package in a while, and it certainly seems a  
19 shame to drop it since we've talked about it so much.  
20 Nevertheless, we want to support that.

21           (Laughter)

22           MR. GAMBELIN: We want to thank Board staff, in  
23 particular Mark DeBie, Julie Nauman, and others, Suzanne  
24 Hamilton, for bringing two interested parties together  
25 with very divergent views on this matter but nevertheless

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1 being able to orchestrate a compromise between us at the  
2 end.

3 Again we do support staff's recommendation.

4 Thank you.

5 CHAIR MOULTON-PATTERSON: Thank you. Thank you.

6 I love it when you guys work this out.

7 MS. NAUMAN: That's the way it's supposed to  
8 work. Madam Chair, just let me in closing, if I might,  
9 just make a couple of closing comments.

10 We appreciate the recognition and compliments  
11 from those who have testified. It has been a challenge,  
12 shall we say, but we do appreciate that acknowledgement  
13 of our work. I would like to take this opportunity to  
14 acknowledge my staff, which I don't do often enough.  
15 Brad Penick is sitting here, Suzanne Hamilton and of  
16 course you all know my sidekick, Mark DeBie, who is here  
17 faithfully every month whispering in my ear, but these  
18 people have done a tremendous job. And I thank Kathryn  
19 Tobias from our legal office who has also weighed in on  
20 this one because she's lived through the long and ugly  
21 history on all of this. It was a good effort on  
22 everyone's part.

23 We don't have a resolution because you don't  
24 need to actually vote on this. We just need an  
25 indication, your giving us direction to go out for 15-day

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1 comment period. We are so hopeful that this will be the  
2 final 15-day period, that we're intending to bring the  
3 package back to you at your next board meeting for  
4 purposes of adoption. In the event that we do get more  
5 comments that need response, then we'll be back asking  
6 for an additional 15 days. So you kind of know what the  
7 game plan is here.

8 CHAIR MOULTON-PATTERSON: Thank you.

9 Mr. Eaton.

10 BOARD MEMBER EATON: I just have one question  
11 that I've learned because sometimes when things get to be  
12 compromised and deleted they are used as a bolstering in  
13 argument one, two, three, four years down the road by the  
14 usual suspects that sometimes testify. This deletion in  
15 no way prejudices anyone's arguments for or against  
16 anything; is that correct?

17 MS. NAUMAN: That is the understanding among all  
18 the participants in these negotiations.

19 BOARD MEMBER EATON: Fine.

20 CHAIR MOULTON-PATTERSON: Thank you, Mr. Eaton.

21 Hearing no further comment, you have our  
22 direction to go forth with the 15-day comment period.

23 We are going to take a 15-minute break now and  
24 we'll come back to Number 20 and then we'll go back to  
25 the regular agenda.

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1 (Recess taken)

2 CHAIR MOULTON-PATTERSON: I'd like to call the  
3 meeting back to order.

4 Mr. Eaton, any ex partes.

5 BOARD MEMBER EATON: No, but I would like to  
6 party.

7 (Laughter)

8 CHAIR MOULTON-PATTERSON: So would I.

9 BOARD MEMBER EATON: I'll move.

10 CHAIR MOULTON-PATTERSON: Okay. Mr. Jones.  
11 Could we have everyone come back to order please? Thank  
12 you.

13 BOARD MEMBER JONES: Real quick. Denise  
14 Delmatier, John Sohmaeling and John Cupps.

15 CHAIR MOULTON-PATTERSON: Mr. Medina.

16 BOARD MEMBER MEDINA: None to report at this  
17 time.

18 CHAIR MOULTON-PATTERSON: Mr. Paparian.

19 BOARD MEMBER PAPARIAN: I just picked up a  
20 written communication, a fax from Kern County Waste  
21 Management Department regarding conformance findings.

22 CHAIR MOULTON-PATTERSON: Thank you.

23 Senator Roberti.

24 BOARD MEMBER ROBERTI: Yes. I spoke to Mandy  
25 Rhoades of San Benito County regarding Jack White

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1 Landfill.

2 CHAIR MOULTON-PATTERSON: Thank you. And I have  
3 none.

4 We're going to -- and I apologize for skipping  
5 around today. I don't usually like to do this, but a lot  
6 of people have been here all day. And so they won't have  
7 to come back tomorrow, I plan on going to 20, 7 and --  
8 was it 13? 20, 7 and 13, and then we'll go back to the  
9 regular order.

10 So Number 20.

11 MS. CARDOZO: Good afternoon, Madam Chair,  
12 Board Members. I'm Catherine Cardozo with the Board's  
13 Office of Local Assistance.

14 Item 20 is a discussion of the issues involved  
15 with conformance findings as they relate to solid waste  
16 facility permit revisions and the jurisdiction's  
17 applicable planning documents. Public Resources Code or  
18 PRC Sections 50000 and 50001 require proposed permits for  
19 new and expanded solid waste facilities to be reviewed  
20 for their conformance with the applicable planning  
21 document. For landfill permits, the document reviewed is  
22 a Countywide Siting Element prepared only by counties.  
23 For Non-Disposal Facility permits like a compost facility  
24 permit, the document reviewed is a Non-Disposal Facility  
25 Element or NDFE prepared by all jurisdictions.

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1           PRC Section 50000 is the operative section when  
2 making a conformance finding for a county that does not  
3 yet have a Board-approved Countywide Integrated Waste  
4 Management Plan or CIWMP. This section requires any new  
5 facility or an expansion to an existing facility that  
6 would result in a significant increase of waste handled  
7 by that facility to be identified and described in the  
8 applicable planning document.

9           PRC Section 50001 applies once a county has a  
10 Board-approved CIWMP. This section requires the location  
11 of a new or expanded solid waste facility to be  
12 identified in the applicable planning document. The  
13 question to be decided today is how the Board interprets  
14 Section 50001 and hence how the Board staff will make  
15 conformance findings for new and expanded solid waste  
16 facilities.

17           Staff has proposed a range of four options for  
18 settling this matter. Board Members were provided with a  
19 matrix at last week's public briefing that outlines each  
20 option and the intent, action, steps and potential  
21 results from implementing each option. There are  
22 additional copies in the back of the room for those that  
23 are interested.

24           Option one directs staff to pursue legislation  
25 to delete the conformance finding requirement altogether

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1 or to amend 50001 so that the conformance finding process  
2 only is necessary for new facilities.

3           Option two directs staff to make a conformance  
4 finding based on whether the location of a new or  
5 expanded facility in a proposed permit is identified in  
6 the applicable planning document for a permit to be in  
7 conformance. This option is preferred by the vast  
8 majority of stakeholders as comments at public workshops  
9 and letters from various parties attest.

10           Option three directs staff to base conformance  
11 on how a proposed permit affects the county's remaining  
12 fifteen-year capacity.

13           Option four directs staff to base conformance on  
14 the description of a new or expanded facility being the  
15 same as the description of that facility in the  
16 applicable planning document.

17           Staff's recommendation is that the Board provide  
18 staff with direction on this matter. That concludes my  
19 presentation. Are there any questions?

20           MR. SCHIAVO: I would like to add one other item  
21 to this. If the Board does agree on a particular option  
22 today, staff will be glad to go ahead and put together a  
23 resolution and bring it back tomorrow as a continued item.

24           CHAIR MOULTON-PATTERSON: Okay. Thank you.  
25 Questions.

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1           We have a number of speakers. Senator Roberti,  
2 did you want to speak?

3           BOARD MEMBER ROBERTI: No.

4           CHAIR MOULTON-PATTERSON: Sorry. So we'll go  
5 ahead with the speakers at this time. Larry Sweetser.

6           MR. SWEETSER: Good afternoon, Madam Chair,  
7 Board Members. I'll be real brief. Just on -- I'm Larry  
8 Sweetser, Sweetser and Associates, on behalf of the  
9 Regional Council of Rural Counties Environmental Services  
10 Joint Powers Authority and just supporting the option two  
11 as described in the letter of the group representing both  
12 public and private operators. So add our support to  
13 that. Thank you.

14          CHAIR MOULTON-PATTERSON: Thank you. Paul  
15 Yoder.

16          MR. YODER: Madam Chair and the Members, Paul  
17 Yoder on behalf of the Solid Waste Association of North  
18 American, the California Chapters. We're co-signatories  
19 to the letter that Mr. Sweetser just referenced.

20           I do want to urge the Board to adopt option two.  
21 I'm here today with two proxies -- I want to note that  
22 for the record -- one for the California State  
23 Association of Counties and two for the League of  
24 California Cities also in support of option two, also I  
25 think co-signatories to the letter.

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1           So thank you.

2           CHAIR MOULTON-PATTERSON: Thank you.

3           Susan Reid.

4           MS. REID: Good afternoon, Madam Chair, Members  
5 of the Board. I'm here today representing the Kern  
6 County Local Task Force and the Waste Management  
7 Department where I have the responsibility for the  
8 development and maintenance of both the siting element  
9 and the unincorporated county Non-Disposal Facility  
10 Element.

11           Kern County Waste Management Department first  
12 would like to commend Board staff on the extensive  
13 research and collaborative effort that went into the  
14 preparation of the agenda item before you today. The  
15 items being presented -- options being presented by staff  
16 represent a compilation of input from jurisdictions  
17 throughout the state.

18           Board staff have identified the question, what  
19 is the purpose of the siting element. In addition to the  
20 stated purpose of demonstrating that a county has a  
21 minimum of 15 years of combined disposal capacity, the  
22 siting element and its required double majority approval  
23 provides the only mechanism for local government input  
24 prior to the permit approval.

25           Many of the stakeholders present at the

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1 conformance findings workshops argued that the CEQA  
2 process is adequate for local approval. In practice,  
3 however, CEQA documents are rarely circulated to all of  
4 the cities within a county. The existing legislation,  
5 Section -- PRC Section 50001 provides for the necessary  
6 city and county approval of all new or expanded solid  
7 waste facilities.

8 Board staff have presented four options to you  
9 today. KCWMD does not support option one as we believe  
10 that the conformance finding is a requirement -- is a  
11 valid mechanism to determine consistency between a  
12 proposed permit and the applicable CSE and should not be  
13 deleted, nor should the words "or expand" be deleted.

14 Expansions should trigger an amendment of the  
15 Countywide Siting Element to assure that adequate  
16 opportunities exist for public and governmental at both  
17 local and state levels review and approval. Elimination  
18 of this statute would circumvent the local approval  
19 process.

20 Option two is to base conformance on location  
21 identification as defined by your Board. This option  
22 supports the position that PRC Section 50001 limits the  
23 Board's role in determining conformance to looking at the  
24 consistency of a facility's location identification in a  
25 proposed permit and the applicable CSE. This limitation

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1 is supported by a majority of the stakeholders present at  
2 the workshops and the July 11th board meeting.

3           Staff offers several possible definitions of  
4 location identification including a facility address, a  
5 disposal footprint or some other facility boundary, or a  
6 dot on the map.

7           Kern County Waste Management Department supports  
8 this option provided that the location identification is  
9 defined as the aerial extent of the disposal footprint.  
10 This would provide the necessary local approval process  
11 for new facilities and expansions while allowing permit  
12 modifications without the need for a conformance finding  
13 for minor operational changes such as average daily  
14 tonnage, days and hours of operation, or increases in  
15 remaining disposal capacity and/or estimated life of the  
16 facility due to improved operations or methods of  
17 calculation.

18           While dot on the map or address consistency  
19 would trigger a CSE amendment for a new facility, no  
20 amendment would be required for facility expansions, thus  
21 circumventing the local approval process.

22           Option three calls for conformance to be based  
23 upon the affect of the proposed permit on a county's  
24 15-year remaining disposal capacity. This operation is  
25 not supported by current statutes or regulations and does

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1 not provide for local approval of new facilities or  
2 expansions and, therefore, is not supported by Kern  
3 County Waste Management.

4           Option four would base conformance on  
5 consistency between the description of the facility in  
6 the proposed permit and the facility description in the  
7 Countywide Siting Element. This option is the method  
8 currently in use by staff to make conformance findings.  
9 Kern County Waste Management does not support this option  
10 either. Problems have arisen in cases where, for  
11 instance, the remaining capacity of a facility increases  
12 with time due to improved efficiencies and operating  
13 methods. Although the actual number of cubic yards has  
14 increased, the waste footprint of the facility has not  
15 increased and should not be considered an expansion of  
16 the facility.

17           This method of determining consistency results  
18 in ambiguity over what constitutes an expansion since  
19 non-expansions don't require conformance findings. This  
20 method also requires an interpretation of the statute  
21 above and beyond what is clearly stated in PRC section  
22 50000(a)(1). The solid waste facility is a disposal  
23 facility or transformation facility, the location of  
24 which is identified in the Countywide Siting Element or  
25 amendment thereto.

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1           In conclusion, the Kern County Waste Management  
2 Department supports option two to base conformance on  
3 location identification subject to the following  
4 definitions: Expansion defined as any lateral increase  
5 in the physical dimensions of the disposal area in acres;  
6 location to be defined as a legal description of the  
7 physical limits of the disposal area as defined by Title  
8 27, Section 20164 and a map drawn to scale showing these  
9 limits.

10           This concludes my presentation. I will be  
11 happy to answer any questions. Thank you.

12           CHAIR MOULTON-PATTERSON: Thank you very much.

13           Mike Mohajer.

14           MR. MOHAJER: Madam Chair, Members of the Board,  
15 my name is Mike Mohajer. I'm representing Los Angeles  
16 County Public Works.

17           I have submitted written comments on this item  
18 which specifically addresses the finding of conformance  
19 process for the Countywide Siting Element in L.A. County.

20           Putting that issue aside, we also support the  
21 recommendation number two of the staff with a little  
22 modification that as the LEA draft the permit, they have  
23 to ensure that it is consistent with local and land use  
24 permit. That's pretty important to us.

25           That's all I have to say.

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1 CHAIR MOULTON-PATTERSON: Thank you very much.

2 Evan Edgar.

3 MR. EDGAR: Madam Chair, Board Members, Evan  
4 Edgar, Edgar and Associates on behalf of the California  
5 Refuse Removal Council.

6 We are a signatory to the coalition letter and  
7 we support option two, dot on a map. The Siting Element  
8 and the NDFE are much like the General Plan. It's about  
9 land use. As I said there in the agenda briefing, it's  
10 not a operational document. It's about real estate which  
11 is location, location, location. But there's some  
12 concerns from Waste Board Members that that's not enough.

13 I believe that existing PRC Code which was  
14 slightly modified in SB 2202, PRC 41821.1 may satisfy  
15 some of the regional needs or analytical needs that some  
16 Waste Board members may have.

17 Let me quote from PRC 41821.1(a). "The County  
18 shall submit a report to the Board summarizing the  
19 adequacy of the Siting Element and Summary Plan. The  
20 report on the Siting Element shall discuss any changes in  
21 disposal capacity, disposal facilities, or any other  
22 relevant issue. The annual report shall be due on August  
23 1 to the Board."

24 So I believe that for new facilities they have  
25 to go through the Siting Element and NDFE. They're new,

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1 they've got to go through the process. Expansion of  
2 facilities to be part of the annual report following the  
3 PRC Code with regards to disposal capacity, facility  
4 types and other relevant issues, and the annual report  
5 needs to be reviewed by the Waste Board once a year.

6           So I believe the aspects of disposal capacity  
7 and facility issues are adequately addressed in the  
8 existing PRC and the process that the Waste Board can  
9 review. So we support option number, two dot on a map,  
10 while utilizing existing statute on the use of annual  
11 reports for disposal capacity.

12           Thank you.

13           CHAIR MOULTON-PATTERSON: Thank you very much.  
14 Denise Delmatier.

15           MS. DELMATIER: Madam Chair, Denise Delmatier  
16 with Norcal Waste Systems, and we also are a signatory to  
17 the letter that has been referred to this afternoon that  
18 represents most of the major associations that represent  
19 both local government and private industry.

20           We have worked on this issue since 1989, since  
21 we were the sponsor of the bill that had the erroneous  
22 double joining language that set forth the subsequent  
23 bills that Assembly Member \*\*Cortese authored to address  
24 the issues.

25           I have just handed the Board members a chart

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1 that I think most of you versus in the past which  
2 essentially in the very brief fashion charts out the  
3 history behind the conformance finding prior to AB 939,  
4 Assembly Bill 2296, which corrected the problem for the  
5 gap period and then AB 3001 (Cortese) which addressed the  
6 issues in the post-gap period.

7           If we look at the language that was enacted to  
8 address the gap period and to address the critical issues  
9 that came forward after we enacted AB 2295 (Cortese) and  
10 then subsequent AB 2296 (Cortese), we find that we have  
11 language that specifically refers to a required finding  
12 of conformance and description of a permit.

13           The post-gap period, however, in AB 3001  
14 specifically eliminated the reference to description and  
15 conformance. And I want to briefly quote from a letter  
16 to the Assembly Daily Journal, which I also just handed  
17 to Members of the Board, by which Assembly Member Cortese  
18 offered legislative intent toward the interpretation of  
19 the gap language. And I want to bring this to the  
20 attention of the Board Members because I think it is  
21 very, very instructive as far as what was in the author's  
22 mind when we looked at the gap, much less when we looked  
23 at the post-gap period as far as the Board's role in  
24 making a finding on the Siting Element.

25           Specifically, Assembly Member Cortese offered is

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1 not the intent of AB 2296 to usurp local land use  
2 authority or local responsibility for the planning,  
3 permitting or design of solid waste management systems  
4 and individual facilities.

5           Further, it is not the intent of AB 2296 to  
6 authorize or encourage the Board to arbitrarily overrule  
7 local approval of a solid waste facility or to impose  
8 special permit conditions on the majority of facilities  
9 that will be reviewed by the Board.

10           In addition, the Board must recognize that an  
11 individual facility may only represent one portion of a  
12 local plan or program design in response to both the AB  
13 939 recycling requirements and disposal capacity  
14 requirements. Thus, an individual facility under  
15 consideration by the Board may not be intended to make a  
16 significance contribution to the recycling or composting  
17 rates mandated by AB 939 but may be essential to meeting  
18 local disposal needs and on that basis alone should not  
19 be deemed by the Board to prevent or substantially impair  
20 achievement of the AB 939 recycling goals.

21           And finally, it is not the intent of the  
22 legislature in expanding the responsibility of the Board  
23 to concur or object to Solid Waste Facility Permits to  
24 include within that expanded responsibility any authority  
25 to require modifications to permits that are not

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1 essential for the city or county to meet the recycling  
2 requirements prescribed in AB 939.

3           So the Board's role, even during the gap, was  
4 intentionally addressed by the legislature to be limited  
5 and not to usurp local authority even in permit  
6 conditions, and that is why in the gap -- in the post-gap  
7 period, then, those terms were specifically removed.

8           In the Board's own analysis of AB 3001, the  
9 Board's analysis states AB 3001 limits the current law  
10 conformance finding for solid waste facilities with an  
11 approved Countywide Integrated Waste Management Plan to a  
12 finding that the area proposed for disposal or a  
13 transformation facility has been identified.

14           And further, the Board's own analysis states  
15 this bill significantly narrows the nature of Solid Waste  
16 Facility Permit conformance findings once Countywide  
17 Integrated Waste Management Plans have been adopted.

18           We strongly support, we have always strongly  
19 supported since AB 939 was enacted, the limited role of  
20 the Board in reviewing Siting Element findings. The  
21 finding today that the Board has, if you look at a plain  
22 reading of the statutory language, is in fact limited and  
23 refers to location identification.

24           We strongly urge the Board to adopt option  
25 number two which is, in fact, consistent with both the

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1 intent and the letter of the statutory language as  
2 described today in my comments in referencing the letter  
3 to the Assembly Daily Journal by the author of the bill.

4 I also brought with me -- if there was any  
5 confusion as to the original conformance findings, I also  
6 brought with me letters by both now Senator Scher, the  
7 author of AB 939, and Assembly Member Cortese that once  
8 AB 2295 that established their original conformance  
9 finding by error, that it was never the intent of the  
10 author of AB 939 nor the author of AB 2295 to have that  
11 interpretation by the Board be expanded in any other  
12 fashion than what I just read to you from a Assembly  
13 Member Cortese.

14 Now Senator Scher, then Assembly Member Scher  
15 wrote, "Specifically I am aware that there may be some  
16 confusion," now this is on November 7, 1989, right after  
17 AB 939 was passed, "Specifically I'm aware that there may  
18 be some confusion over the legal affect of provisions of  
19 AB 939 and of legislation authored by Assembly Member  
20 Cortese affecting CoSWMPs. This confusion arose due to  
21 erroneous double joining language which was inserted in  
22 Mr. Cortese's measure in the closing days of the  
23 legislative session."

24 Assembly Member Cortese also wrote to the Board.  
25 "It should also be noted that some conflict developed

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1 during the final days of the session. For example, late  
2 double joining amendments to my AB 2295 actually covered  
3 new policy issues which were already raised and settled  
4 in AB 939."

5 I urge the Board to consider the intent of  
6 Senator Scher, Assembly Member Cortese, the stakeholders  
7 who have negotiated and participated in the legislative  
8 process since 1989 on this issue. I strongly urge the  
9 Board to adopt option two today and let's put this behind  
10 us.

11 Thank you. Be happy to answer any questions.

12 CHAIR MOULTON-PATTERSON: Thank you.

13 Mr. William Arrulian.

14 BOARD MEMBER ROBERTI: Madam Chair.

15 CHAIR MOULTON-PATTERSON: Excuse me. Senator  
16 Roberti has a question.

17 BOARD MEMBER ROBERTI: I guess I have a question  
18 of Denise.

19 CHAIR MOULTON-PATTERSON: Sorry about that.

20 BOARD MEMBER ROBERTI: The best I can say, the  
21 law -- I'm not saying what occurred before the double  
22 joining or after the double joining -- the law is very  
23 confusing and seems to be moving in alternate directions.  
24 I understand the point that you're making and that is the  
25 word "describe" is dropped quite clearly from Section

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1 50001.

2 MS. DELMATIER: As well as the word

3 "conformance."

4 BOARD MEMBER ROBERTI: As well as the word

5 "conformance." Yes. However, I would like you to

6 address this point, and that is Section 41700 states each

7 county shall prepare a Countywide Siting Element which

8 provides a description of the area to be used for the

9 development of adequate transformation and disposal

10 capacity. That seems to be a section that deals with all

11 Countywide Siting Elements. That seems to be the chapter

12 under which it occurs.

13 And then in Section 41701(d), it says the

14 identification of an area -- it uses the word

15 "identification" -- or areas for the location of new

16 solid waste transformation or disposal facilities or the

17 expansion of existing facilities is one of the things

18 that should be included in a Siting Element. That also

19 comes under Countywide Siting Elements.

20 It could be that the word "identification" in

21 and of itself includes description. Certainly that is

22 what it appears under 41701 because it's defined that

23 way. Now, I understand your point.

24 MS. DELMATIER: My response would be that the

25 section that you refer to is the requirements for a local

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1 agency in developing a planning document. The Section  
2 50001 addresses the Board's jurisdiction of authority  
3 over the document. So the section that you referenced is  
4 the guiding document in development of this planning  
5 document that local agencies develop for themselves as a  
6 planning document.

7 The Board's authority then is detailed in 50001  
8 as far as what it should or should not look at --

9 BOARD MEMBER ROBERTI: But isn't the local  
10 planning document the basis upon which the Board --

11 MS. DELMATIER: Yes, as far as -- as far as --

12 BOARD MEMBER ROBERTI: Draws its own document?

13 MS. DELMATIER: As far as their planning  
14 document, that's the guidance that's set. But as far as  
15 the Board's --

16 BOARD MEMBER ROBERTI: And isn't it  
17 reasonable -- I'm not going to say that the definitions  
18 used in both sections, although it's not under anything  
19 that says definition, but it's defined in the statute as  
20 the same. And when the word identification in Section  
21 41701 seems to include description as well, then the  
22 dropping of the word "description" between Sections 5000  
23 and 50001 isn't that significant because identification  
24 in and of itself includes the word "description." That's  
25 the other side of the coin from what you're arguing.

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1           MS. DELMATIER: Right. I would just refer back  
2 to the letter to the Journal as far as guidance and what  
3 the author --

4           BOARD MEMBER ROBERTI: It's a close case and I  
5 appreciate the point you're making. This is not an  
6 artfully drafted law. The statute intended may have been  
7 artfully drafted, but somewhere along the way, maybe  
8 because of the double joining, we have this problem we  
9 have to figure it out, but it strikes me the word  
10 "identification" consistent with the purpose of this  
11 Board, and that is to encourage recycling and reduction  
12 of waste, does include the word "description" and that I  
13 think comes out clear in Section 41701, hence the  
14 dropping of the word in the other section is not as  
15 significant.

16           Now I know we can go to court and have 97  
17 lawyers paid dearly to argue both sides of the case and I  
18 wouldn't want to venture which side is going to win, but  
19 as far as my own mentality as to what I think the purpose  
20 of this Board is, and there's a legitimate handle to  
21 place our trust on, and that's the description of  
22 identification -- description being included within the  
23 word "identification," my inclination is not to go with  
24 the dot on the map.

25           MS. DELMATIER: And I respect your point of view

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1 as always.

2 BOARD MEMBER ROBERTI: Thank you. And I want  
3 you to know why because I appreciate what you're saying.  
4 You make very good sense and the right Supreme Court  
5 might go your way and the right Supreme Court might go my  
6 way and who knows.

7 MS. DELMATIER: Hopefully it doesn't go there.

8 BOARD MEMBER ROBERTI: Absolutely.

9 MS. DELMATIER: Thank you.

10 CHAIR MOULTON-PATTERSON: William Arrulian.  
11 Excuse me.

12 MR. ARRULIAN: Thank you, Madam Chair, and thank  
13 you for pronouncing my Armenian name correctly.

14 CHAIR MOULTON-PATTERSON: Did I?

15 MR. ARRULIAN: My name is William Arrulian and  
16 I'm with Kern County Environmental Health and we are the  
17 LEA for Kern County.

18 We are taking a different view than most of the  
19 LEAs in the state in that we believe that option two, the  
20 footprint versus dot on the map, we would fall into the  
21 footprint, concurring with the need to identify a site by  
22 the actual area of the site. The reason why we feel this  
23 way, we concur with our local task force on this and it's  
24 partly driven by the increased sensitivity to solid  
25 waste-related issues in Kern County.

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1           The public has been very concerned about issues  
2 such as grease trap land disposal by septic pumpers,  
3 dairy siting, which is not under the purview of this  
4 Board, and bio-solids, but all of these issues together  
5 have brought forth the need for the public to, through  
6 their elected officials on the city councils, be able to  
7 determine the exact location of these facilities, not by  
8 address but by the relative area that they -- that a  
9 solid waste facility would take up.

10           We feel then that the -- the option two with  
11 identifying the actual location of the facility legal  
12 meets and bounds better serves the public health and  
13 safety concerns within our jurisdiction.

14           Thank you.

15           CHAIR MOULTON-PATTERSON: Thank you. Paul  
16 Manasjan.

17           MR. MANASJAN: What's with all these Armenians?

18           (Laughter)

19           BOARD MEMBER PAPARIAN: We'll look into that.

20           (Laughter)

21           MR. MANASJAN: Paul Manasjan, City of San Diego,  
22 here representing the Enforcement Advisory Council.

23           We are of the unanimous opinion to go with  
24 option two, as we stated in the past. When we look at  
25 statute in our duties with permitting, look at both

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1 statute in 50001 and three sections of the regulation  
2 that are relative to our permitting, in there they only  
3 use the word "identified." So it's dot on the map. So  
4 we have no recourse but to support option number two and  
5 there is no need to change in our minds either statute or  
6 regulation. What we need to change is board staff's  
7 interpretation of those statutes and regulation.

8 Thank you.

9 CHAIR MOULTON-PATTERSON: Thank you. Justin  
10 Milan.

11 MR. MILAN: Madam Chair, Board Members, Justin  
12 Milan. I'm from the Oakland environmental health folks.

13 Pleased to say that in this case we don't have  
14 any disagreement with industry. We do concur. We were  
15 co-signators of the letter that was sent to you and CCDH  
16 did actually send a letter to you under separate cover,  
17 by itself last month supporting option two.

18 We don't necessarily disagree with Kern County,  
19 but we don't see really any need to go to the variance or  
20 the variation of option two, just go with option two as  
21 it's stated.

22 Thank you.

23 CHAIR MOULTON-PATTERSON: Thank you. Chuck  
24 Helget.

25 MR. HELGET: Madam Chairman, Members of the

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1 committee, with all due respect to Senator Roberti's very  
2 eloquent arguments, we are cosigners of the letter as  
3 well. I'm representing Allied Waste and BFI and support  
4 option two of your staff analysis for agenda Item Number  
5 20.

6 CHAIR MOULTON-PATTERSON: Thank you. Donald  
7 Gambelin.

8 MR. GAMBELIN: Good afternoon. Donald Gambelin,  
9 Norcal Waste Systems.

10 As you've heard, Norcal Waste Systems is  
11 certainly in support of option two. It seems, as well as  
12 every speaker I've heard today, but it does seem THAT  
13 there are folks that are still wondering what the  
14 location of which is identified, what does that mean. I  
15 was looking for an example since I deal with location  
16 quite often and some facility permitting and I think  
17 maybe I found it that might clarify what this all means.

18 If you look to certain requirements when you  
19 bring a facility forward for a Solid Waste Facility  
20 Permit and you look at the regulatory language that  
21 pertains to development of, say, a report of disposal  
22 site information, something to that effect, there's  
23 clearly a section in there that says you need to identify  
24 the site location for such a facility.

25 Just using one of our facilities as an example,

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1 I pulled out the language from that permitting document  
2 that addresses this site location requirement, and I  
3 think this might help to define what is meant by  
4 location. Here's the language that's in that permitting  
5 document. Simply says, "The B and J landfill is located  
6 at 6426 Hay Road, approximately one half mile west of Rio  
7 Dixon Road." That's it. That's site location.

8 I think if we're look to go change our  
9 interpretation of what location means, we might be  
10 going -- we're basically saying that we're going to hold  
11 a more rigorous interpretation of what location means for  
12 a planning level document as something that's an  
13 engineering permitting level document for which site  
14 location is the -- what site location means has clearly  
15 been defined and implemented by board staff for some time  
16 now.

17 So I would certainly say option two with some  
18 clarifying thoughts on what location means is what we  
19 support as well as others.

20 Thank you.

21 CHAIR MOULTON-PATTERSON: Thank you. Chuck  
22 White.

23 MR. WHITE: Thank you, Madam Chair and Members  
24 of the Board.

25 To follow up a little bit on discussion between

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1 Senator Roberti and Denise, there's clearly two different  
2 standards, one for what a siting element has to contain  
3 as a planning document and that siting element may have  
4 location, it may have description and that's the object  
5 of that Siting Element document as it's prepared. But  
6 the question here is what does the Siting Element have to  
7 contain with respect to the permit action, the  
8 establishment of a solid waste facility when it's either  
9 being new or expanded and that's where 50001 comes in.  
10 It just simply doesn't say the description or other, it  
11 just simply says the location.

12 BOARD MEMBER ROBERTI: Yes, but the issue is  
13 what does identification mean. For purposes of that  
14 definition, not so much purposes of the statute itself  
15 but for purposes of the definition in section -- in the  
16 earlier section.

17 MR. WHITE: In the Siting Element section.

18 BOARD MEMBER ROBERTI: In the Siting Element  
19 section. It says the identification of an area or areas  
20 for the location of new solid waste transformation or  
21 disposal facilities or the expansion of existing  
22 facilities.

23 It appears that identification includes the word  
24 "expansion." That has nothing to do with what's required  
25 in the Siting Element or in the permit. It has to do

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1 with what the word means. And when the word is used  
2 later in the following chapter, we have to try to figure  
3 out what the definition of that word is and that means  
4 identification must mean description.

5 MR. WHITE: And I would simply argue there's two  
6 separate standards. One is the standard for the Siting  
7 Element document and the other standard is what has to be  
8 present for the purposes of issuing that permit at the  
9 time you want to establish that particular facility. And  
10 I would argue and I would encourage the Board to try to  
11 come up with the term "location" and the option number  
12 two and broadly construe that word "location" to include  
13 any kind of description and location of that facility.

14 BOARD MEMBER ROBERTI: Why would this Board  
15 broadly construe a word in order to increase the amount  
16 of disposal when the charge of this Board is to broadly  
17 construe, if we're going to do that at all, to decrease  
18 disposal. That's why the Board was set up, and now  
19 you're saying we should broadly interpret the statutes  
20 and the words to increase disposal.

21 Now, I understand why you're saying that, but  
22 from my perspective as a Board Member that goes contrary  
23 to what I'm about.

24 MR. WHITE: I respect that, sir. I really do.

25 BOARD MEMBER ROBERTI: Not what I'm about

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1 personally but what the statute says I, David Roberti,  
2 ought to be doing as a Member of this Board.

3 MR. WHITE: I understand. And from the  
4 standpoint, though, we would encourage the Board to take  
5 the position that the Siting Element is established for  
6 establishing 15-year capacity, and I would hate to see  
7 this requirement limit and be used as a reason for not  
8 permitting facilities because of a -- the fact that a  
9 location or a footprint necessarily isn't in the Siting  
10 Element.

11 The point is that Siting Element simply has to  
12 provide that the facility is identified by means of a  
13 location. As long as there is a location that is  
14 included in the Siting Element for the facility, the  
15 facility should go ahead and be permitted. Like Evan  
16 Edgar indicated that after the permit has been issued,  
17 every year the planning jurisdiction is required to go  
18 and amend the Siting Element and keep it up to date. I  
19 would encourage that Siting Element be brought up to  
20 speed but not be used as a reason why the permit should  
21 not go forward provided the facility's location, whether  
22 it's an address, whether it's latitude and longitude, is  
23 identified in that Siting Element.

24 The Siting Element is only one of a number of  
25 planning documents and it's not that the locals are

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1 losing control. You've got CEQA, you've got zoning,  
2 you've got the Conditional Use Permit, all of which  
3 impose very rigorous controls on a whole variety of a  
4 factors of a permit -- location, facility description,  
5 meets and bounds, the whole nine yards. There's already  
6 adequate controls through these other planning documents  
7 and permits.

8           So again to summarize, we believe that not only  
9 is option number two the term location should be broadly  
10 construed to allow any location of a particular facility.

11           Thank you.

12           CHAIR MOULTON-PATTERSON: Thank you. Kelly  
13 Smith is our last speaker.

14           MR. SMITH: Kelly Smith, Members of the Board.  
15 I'm representing the North Valley Coalition and the  
16 Coalition for Alternatives to Kiefer Landfill in

17 Sacramento. North Valley Coalition is in north San  
18 Fernando Valley down in L.A.

19           Our basic position is that the Board has the  
20 authority to require a full and proper description of a  
21 landfill site facility or expansion in the Countywide  
22 Siting Element. The -- there are regulations which  
23 detail that description quite thoroughly. They require  
24 description of socioeconomic impacts and also get into  
25 the kind of description of how a facility will impact the

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1 diversion goals that are required under AB 939. And we  
2 think that there is a real important benefit of that in  
3 looking at the impact of a landfill on a regional basis  
4 in terms of capacity, and we think that that's a very  
5 important tool at this stage where we actually have a  
6 glut and over-capacity of landfill space.

7           The issue right now seems to be one of process  
8 and I think we have to get into that to understand where  
9 to go with this issue. We consider the Countywide Siting  
10 Element actually the linch pin of integrated waste  
11 management and the tool for your Board to implement  
12 integrated waste management across the state when it  
13 comes to facilities. Your only other tool is permitting  
14 and a permit comes to you almost fait accompli by the  
15 time it comes before this Board.

16           What the industry is saying is once it gets to  
17 this point and it comes before your Board, you should  
18 eliminate another tool for achieving the goals that  
19 you're to achieve under the Integrated Waste Management  
20 Act. That is that a mere dot or mere reference in this  
21 Countywide Siting Element should be sufficient to permit  
22 the facility.

23           If we go back a bit and we look at the public  
24 process that's involved in adopting a Countywide Siting  
25 Element, I think we see how the description is really key

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1 to making it work. The Countywide Siting Element should  
2 describe the facility. It goes to a local task force.  
3 The local task force then has an idea of what this  
4 facility will do in terms of its impact to the  
5 environment, economics, all these other things.

6 It then comes to this Board as part of the  
7 Siting Element or as part of the Integrated Waste  
8 Management Plan and you have an opportunity at that time  
9 to require a full and proper description. If that's not  
10 done at that time and a permit comes before you, the  
11 question I think is do you have any sort of authority to  
12 require a better, a more exact description of that  
13 facility at that point. That seems to be the problem  
14 that you're wrestling with.

15 I would tend to think that what you need to do  
16 is a better job of reviewing and approving those Siting  
17 Elements when they first come before you and then  
18 requiring that they be updated properly before a permit  
19 is approved, and that way you can get around the issue of  
20 identification of a facility on a map.

21 CHAIR MOULTON-PATTERSON: Thank you.

22 BOARD MEMBER JONES: Madam Chair.

23 CHAIR MOULTON-PATTERSON: Mr. Jones.

24 BOARD MEMBER JONES: A couple questions for  
25 Kelly.

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1           When we approved the Siting Element for L.A.  
2 County, your clients in Southern California came to the  
3 Board with a fully -- the County came with a full  
4 description of all the solid waste facilities in the  
5 county that could be used for disposal. Your clients  
6 asked us to remove certain of those from the Siting  
7 Element, even though it had gone through the local  
8 process.

9           MR. SMITH: You make it sound like a bad thing.

10          BOARD MEMBER JONES: I don't think it's a bad  
11 thing, but it begs the question if you're clients thought  
12 that we had the authority to remove, do they also concede  
13 that we have the authority to cite?

14          MR. SMITH: Actually, that's clearly what the  
15 history of this section came from.

16          BOARD MEMBER JONES: Exactly.

17          MR. SMITH: Is the 15 years is to try to force  
18 local jurisdictions to put facilities in there and to  
19 identify where they go.

20          BOARD MEMBER JONES: To understand what's going  
21 on. And that's exactly -- when you say we should do a  
22 better job of approving sites or approving Siting  
23 Elements, I think what you have to put that in context  
24 and what I take exception to is the fact that when we're  
25 losing -- we're losing context as to how a Siting Element

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1 or plan ever came to this Board.

2           It was one of a lot of pieces that the  
3 legislature and the Governor said to local government,  
4 "You need to take control of what is going on. Number  
5 one, we want to reduce the amount of waste going to  
6 landfills, we want to recycle, but we want to make sure  
7 you know where your garbage is going for 15 years,"  
8 because there were jurisdictions out there that didn't

9 have a clue, didn't have a clue and didn't care. And  
10 what kind of service do they serve their constituents?  
11 Not much.

12           So that -- the gap period was the time it was  
13 taking for people to develop this information, have  
14 public input through Siting Elements, through NDFEs,  
15 through AB 939 plans, source reduction plans, waste  
16 characterization and to develop the blueprint of how they  
17 were going to meet the mandates of AB 939. That's what  
18 all of this was about. And it probably presumed at some  
19 point that local government had the ability to do that  
20 and to bring it forward to this Board to see if, in fact,  
21 they had spent the time and the money with consultants to  
22 develop these plans.

23           At that point when we had identified it, when it  
24 had gone through all the local process, it seems to me  
25 that somebody said okay. You've done -- you understand

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1 now that you need to find 15 years of disposal. You  
2 understand that you need to either do programs or come up  
3 with numbers that can get you to 25 or 50 percent  
4 diversion.

5           So what's the next step? The next step is  
6 progress. What I worry about is that people aren't  
7 putting in perspective the fact that it was necessary to  
8 identify and describe every aspect of those facilities to  
9 better -- to help better prepare local decision makers to  
10 understand what it was they were embarking on. Once we  
11 approved it, then it becomes an issue of is this landfill  
12 or is this transfer station or is this composting  
13 facility, something you guys have thought about as part  
14 of your plan. Oh, it is? And where is this going to be  
15 located at? Corner of 5th and Elm? No problem.

16           But it never envisioned that people were going  
17 to have to describe that a watershed was going to have to  
18 go from 400 tons a day to a thousand tons a day, just the  
19 fact that people understood that they had to provide  
20 service to their constituents.

21           We've got to remember what all of this plan even  
22 meant, and I think what it meant was making sure the  
23 local governments took care of their constituents' needs  
24 and solid waste management, which included diverting 25  
25 and 50 percent from the landfills.

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1           MR. SMITH: And I think that description in the  
2 Countywide Siting Element is a key tool to achieving that  
3 through a proper description.

4           BOARD MEMBER JONES: Thanks.

5           CHAIR MOULTON-PATTERSON: Thank you. Board  
6 Members.

7           BOARD MEMBER JONES: Madam Chair.

8           CHAIR MOULTON-PATTERSON: Mr. Jones.

9           BOARD MEMBER JONES: Hearing 12 speakers, two by  
10 proxy I think is what a friend from SWANA said, so we'll  
11 say 10, and also in really giving this an awful lot of  
12 thought because I was not on that same page, and there is  
13 no resolution, but I'm going to move that we adopt option  
14 two for purposes of our conformance finding.

15           BOARD MEMBER MEDINA: I would like to second  
16 that.

17           CHAIR MOULTON-PATTERSON: Okay. It's been moved  
18 by Mr. Jones, seconded by Mr. Medina, that we approve  
19 option two. And we'll have the resolution tomorrow, but  
20 we would still go ahead and vote? Okay. Any other  
21 comments before we vote?

22           BOARD MEMBER ROBERTI: I guess.

23           CHAIR MOULTON-PATTERSON: Senator Roberti.

24           BOARD MEMBER ROBERTI: I guess I made my  
25 position clear, but in a little nutshell we on this Board

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1 have seldom denied a permit and now we're even clearing  
2 the way for the few seldoms, and with this we certainly  
3 will broadly and liberally interpret the law. It will be  
4 a board that in effect rubber stamps whatever permit  
5 requirement has -- even in the light of the definition  
6 which says that identification or dot on the map includes  
7 description. So I would urge a no vote on the motion by  
8 Mr. Jones.

9 CHAIR MOULTON-PATTERSON: Secretary, please call  
10 the roll.

11 BOARD SECRETARY: Eaton.

12 BOARD MEMBER EATON: Aye.

13 BOARD SECRETARY: Jones.

14 BOARD MEMBER JONES: Aye.

15 BOARD SECRETARY: Medina.

16 BOARD MEMBER MEDINA: Aye.

17 BOARD SECRETARY: Paparian.

18 BOARD MEMBER PAPARIAN: No.

19 BOARD SECRETARY: Roberti.

20 BOARD MEMBER ROBERTI: No.

21 BOARD SECRETARY: Moulton-Patterson.

22 CHAIR MOULTON-PATTERSON: Aye.

23 Okay. Item Number 7 please.

24 MS. WOHL: Madam Chair, Board Members, I'd like  
25 to recommend that we also take Item 6 up prior to Item 7

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1 given that you may make a change in Item 7 that would  
2 affect Item 6.

3 CHAIR MOULTON-PATTERSON: So you would like to  
4 take 6 up before 7.

5 MS. WOHL: And we guarantee 6 will be quick.

6 CHAIR MOULTON-PATTERSON: We're on Number 6  
7 please.

8 MS. WOHL: Item 6 is consideration of approval  
9 of the Recycling Development Market Revolving Loan  
10 Program application for Paper, Pulp and Film, Inc.

11 Jim La Tanner will give a brief description.

12 MR. LA TANNER: Paper, Pulp and Film, Inc. is  
13 applying for an RMDZ loan in the amount of \$392,000.  
14 There's a correction to the item on page 1 under summary.  
15 All of the loan proceeds will be used for the purchase of  
16 equipment. They have identified additional equipment  
17 that they can purchase for the project, they can  
18 collateralize the loan, thus none of the funds will be  
19 used for a leasehold improvement which may or may not  
20 have made it questionable after the next item.

21 Paper Pulp has an existing loan with the Board  
22 right now that is performing as agreed. This is for a  
23 brand-new project not related to the original project.  
24 The company will take recycled paper and produce V board,  
25 which I have a sample of. The project fits as a paper

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1 converter using 100 percent recycled paper board.

2 As a result of this loan, the company will  
3 increase the diversion from local landfills by 11,000  
4 tons. The Loan Committee did meet on September 14th and  
5 approved the loan as presented without any additional  
6 questions.

7 I recommend approval of agenda Item 6 for the  
8 Board to adopt Resolution 2000-377.

9 BOARD MEMBER JONES: Madam Chair.

10 CHAIR MOULTON-PATTERSON: Mr. Jones.

11 BOARD MEMBER JONES: I'll move adoption of  
12 Resolution 2000-377 for the loan for Paper Pulp.

13 CHAIR MOULTON-PATTERSON: I'll second it.

14 Motion by Mr. Jones, seconded by  
15 Moulton-Patterson for Resolution 2000-377.

16 Please call the roll.

17 BOARD SECRETARY: Eaton.

18 BOARD MEMBER EATON: Aye.

19 BOARD SECRETARY: Jones.

20 BOARD MEMBER JONES: Aye.

21 BOARD SECRETARY: Medina.

22 BOARD MEMBER MEDINA: Aye.

23 BOARD SECRETARY: Paparian.

24 BOARD MEMBER PAPARIAN: Aye.

25 BOARD SECRETARY: Roberti.

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1 BOARD MEMBER ROBERTI: Aye.

2 BOARD SECRETARY: Moulton-Patterson.

3 CHAIR MOULTON-PATTERSON: Aye.

4 Item 7.

5 MS. WOHL: Just to set the stage after approving  
6 that loan, there is \$3,438,925 remaining in the  
7 subaccount for new loans. This amount includes the \$2  
8 million set-aside for jobs for recycling.

9 The next item is the policy discussion,  
10 discussion of alternatives, consideration and approval of  
11 the Recycling Market Development Revolving Loan Program  
12 project eligibility priority system to fund loan  
13 applications and ways to leverage loan program funds.  
14 And John Smith will begin the presentation.

15 MR. SMITH: For the record, I'm John Smith. I'm  
16 Manager of the Board's Recycling Business Assistance  
17 Branch.

18 With today's item, you're going to be making  
19 decisions in three areas that relate to the loan program.  
20 And to help you understand those areas, we've provided a  
21 chart that has broken the item down into three parts.

22 The first decisions you will be making will be  
23 updating the project eligibility criteria. The second  
24 area that you will be making changes to, possibly, is  
25 to -- is for a priority system to fund applications, and

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1 the third area deals with leveraging options. In each of  
2 these three areas there will be options for which you are  
3 to consider, but you also have the opportunity to add any  
4 other options you think better fit.

5 So again, the project eligibility options are in  
6 blue here. The priority system options are in red here,  
7 and the green are the leveraging options that will be the  
8 third one you consider.

9 Before getting into the specifics of each  
10 section, I would like to provide an overview of these  
11 sections. The first section again deals with specific  
12 changes to the current project eligibility criteria. The  
13 project eligibility criteria is revised each year by the  
14 Board and is included in a document. That document was  
15 updated in June and again in February to reflect the  
16 current projects eligible under the eligibility criteria.  
17 The changes that are being considered have been suggested  
18 by Zone Administrators and some Board Member offices.

19 The second section deals with a priority system  
20 to fund loan applications. With this section we're  
21 looking at ways to prioritize the applications we receive  
22 so that we can make demand meet the supply of the money.  
23 We're also looking at ways to increase program revenues  
24 to the loan program.

25 In the third section we're looking at leveraging

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1 options. In this section we're looking at ways to bring  
2 additional funds into the program.

3 I will go over briefly the changes in the first  
4 section, that's the project eligibility. Jim La Tanner  
5 will follow with a discussion of the changes in the other  
6 two sections.

7 Turning to the first section, that's the project  
8 eligibility criteria. The first change that we'll be  
9 dealing with are possible changes to loans to public  
10 entities. There are significant cons in maintaining  
11 loans to public entities. I'm sorry. My pages got off.  
12 Let me start again.

13 The first section deals with continuing to lend  
14 to public entities. Currently there's a cumulative loan  
15 limitation to local governments and that is at \$2  
16 million. That was set by a Board policy item last  
17 February. The pros for continuing to lend to public  
18 entities is that there is still interest in the program,  
19 there are two or three ZAs, and the City of San Leandro,  
20 which is part of the JTR project, that is interested in  
21 providing loans to public entities. Also, it may be more  
22 critical now that jurisdictions need to meet their 50  
23 percent goal.

24 The cons in looking at eliminating loans to  
25 local government is that there's only been one award to

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1 local government since the history of this program, and  
2 second, over the life of the program there have only been  
3 68 local governments interested in loans to public  
4 entities.

5           The second modification to the project  
6 eligibility deals with whether we want to limit loans to  
7 paper converting projects. The reason for maintaining  
8 loans to paper converters are that there's still a  
9 significant amount of paper in the landfill. In fact,  
10 it's the number one material currently going to landfills  
11 and paper converters make up a significant percentage of  
12 our current loan portfolio.

13           The cons in lending to the -- to continue to  
14 lend to paper converters are that it's hard to  
15 distinguish with the paper converter where the paper mill  
16 got its source because many paper mills are located  
17 outside of this state. Many receive a significant amount  
18 of waste from California but they also receive from other  
19 states. Most of these manufacturers currently now are  
20 receiving materials that already have a high recycled  
21 content.

22           The third section deals with the possibility of  
23 changing the lending to plastic manufacturers using  
24 recycled feedstock. And the limits that have been  
25 suggested are that we only loan to those plastic

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1 manufacturers that use post-consumer resin,  
2 post-consumer materials, and not to loan to plastic  
3 manufacturers that make up composite materials because  
4 the example I'll point out is many of these make products  
5 that are hard to recycle.

6           There are some significant pros in continuing to  
7 loan to all types of plastic manufacturers, and those are  
8 that a significant amount of plastic is still going to  
9 the landfills and the current diversion rates are quite  
10 low, and many manufacturers that are making composite  
11 materials are making products that can be recycled.

12           The cons are that if we limited loans to those  
13 manufacturers using post-consumer, just post-consumer  
14 feedstock, is that there would be more funds to fund  
15 these types of projects, and also we would be able to  
16 free up additional funds for other qualifying projects.

17           The last change to this section deals with the  
18 jobs to recycling \$2 million set-aside. The jobs to  
19 recycling grant is a two-year grant which is shortly  
20 going to end. To date it's been very successful and it  
21 will be close to meeting or exceeding its deliverables in  
22 terms of diversion and jobs, and we are now in the  
23 process of -- because of that success, we are now in the  
24 process of pursuing an extension to that. We've kind of  
25 broken down the ways that we can look at this set-aside

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1 in terms of three options.

2           The first option is we can eliminate the  
3 set-aside of \$2 million. The pros for this is that it  
4 could very well set aside for other eligible zone  
5 projects and also the jobs to recycling project, JTR 98,  
6 is close to already meeting its deliverables and ending,  
7 and it's quite possible that the project's success could  
8 still continue without the \$2 million set-aside.

9           The cons are if we do eliminate it, one or two  
10 projects could come in that could easily use up that  
11 set-aside. And also, this project is going to be a model  
12 for others to emulate. So by eliminating that set-aside,  
13 we run the risk of not having a model that really would  
14 work. And also the elimination of the set-aside could be  
15 viewed as a broken commitment to the partners including  
16 USEPA.

17           The second option that could be looked at is to  
18 set aside a maximum of \$1 million and not tie that \$1  
  
19 million with a particular fiscal year as appropriated but  
20 to process the JTR loans as they come in. What I'm  
21 trying to say here is they wouldn't be considered part of  
22 the annual \$10 million, but they would be considered as  
23 they come in and it would be irrespective of that \$10  
24 million for other loans that were considered for that  
25 year.

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1           The pros for this is -- for this recommendation  
2 would be it's hard to estimate the number of projects  
3 coming in from JTR and when they'll actually need funds.  
4 We've been with this project for a year and a half now  
5 and there's only been one project for \$250,000 that has  
6 been funded.

7           The cons are if we maintain a million set-aside,  
8 that potentially it would limit the funds available for  
9 the remaining 38 zones.

10          The last option we can look at is to continue  
11 the \$2 million set-aside for the duration of the project,  
12 even if it were extended.

13          The pros are -- and I pretty much said these for  
14 one of the other ones. The pros are we've accomplished a  
15 lot in terms of diversion. Success could only be  
16 increased. And one or two potential loans could use up  
17 this entire set-aside.

18          The cons for keeping the \$2 million are only one  
19 business has used the set-aside funds to date and this \$2  
20 million amount was a projection and made at the very  
21 beginning of the project.

22          Now in terms of how we might want to handle  
23 Board discussion on that, we can look at each section,  
24 one, two and three separately. We can finish each  
25 section and then ask for your input or we can go over the

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1 remaining two sections and take input then. Logically I  
2 think it might make more sense if you provide comments on  
3 each section.

4 CHAIR MOULTON-PATTERSON: Okay.

5 MR. SMITH: And then hear from the audience  
6 also.

7 CHAIR MOULTON-PATTERSON: Okay. So we're at  
8 that point.

9 MR. SMITH: For discussion.

10 CHAIR MOULTON-PATTERSON: Any Board Members want  
11 to discuss it?

12 MR. SMITH: I might add there's a decision  
13 making aid in the packet. It's Attachment L. So it's  
14 the next to the last attachment so you can follow in  
15 terms of which options we're looking at and whether they  
16 want to be changed or not or modified.

17 BOARD MEMBER JONES: Madam Chair.

18 CHAIR MOULTON-PATTERSON: Mr. Jones.

19 BOARD MEMBER JONES: Hearing everybody's  
20 quickness to get into this thing, I'm going to -- I think  
21 the two, paper converting projects and the recycling  
22 plastic feedstock, I think both need to remain,  
23 personally. I think the public infrastructure and  
24 capital improvements to the public, those are not  
25 set-asides. If a project comes forward, we could

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1 consider funding; right?

2 MR. LA TANNER: On the public infrastructure,  
3 yes. If an application came forward, we could consider  
4 it. In February a board item put the constraint that we  
5 would only -- of all the funds available this year, a  
6 maximum of \$2 million would be lent out to various public  
7 infrastructure and capital improvement projects, not a  
8 set-aside or anything like that. Of the ten, the maximum  
9 is two.

10 MR. SMITH: The JTR is a set-aside.

11 BOARD MEMBER JONES: But we don't have -- we  
12 haven't had any projects, but do you see any coming down  
13 the road?

14 MR. SMITH: Here's the projects to date. We  
15 gave one loan to Saint Vincent de Paul for \$250,000. In  
16 looking at -- and we surveyed all the partners in terms  
17 of the projects we're working with right now. There  
18 certainly won't be one by the time this project is  
19 scheduled to end October 15th.

20 BOARD MEMBER JONES: That's the JTR.

21 MR. SMITH: If we extended it, there might be a  
22 possibility, but still we don't have a clear application.

23 BOARD MEMBER JONES: But if we eliminate the  
24 set-aside, it doesn't preclude any of those people from  
25 coming forward and being part of the pool; correct?

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1           MR. LA TANNER: It doesn't.

2           BOARD MEMBER JONES: So I would suggest that we  
3 eliminate the JTR set-aside because they still can take  
4 advantage, and I think at our briefing didn't we say it  
5 was like maybe a couple hundred grand that the feds threw  
6 in and maybe it's going to be less this time?

7           MR. SMITH: The feds threw in \$200,000 and all  
8 we're doing to the extension is extending time. The  
9 thing is we've only expended about \$200,000, about  
10 \$75,000 to date.

11          BOARD MEMBER JONES: So I would suggest that we  
12 eliminate the public infrastructure and capital  
13 improvement projects, that we not fund those; that we  
14 continue to fund paper converting projects; that we  
15 continue to fund manufacturing using recycled plastic  
16 feedstocks; that we eliminate the set-aside for the JTR.

17          CHAIR MOULTON-PATTERSON: Any other comments?

18          BOARD MEMBER PAPARIAN: Weren't there some  
19 proposed modifications on the paper converting projects  
20 or am I confused? And the plastic feedstock.

21          MR. SMITH: The specific modifications were the  
22 paper converters -- with paper converters that we  
23 eliminate them. With the plastic manufacturers we're  
24 looking at the recommendations from the ZA was that we  
25 only that we only fund the manufacturers that use

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1 post-consumer feedstock because a number of them use both  
2 post-consumer, secondary feedstock and even some virgin  
3 resins.

4           The other limitation was that if a plastic  
5 manufacturer made a composite material that is made out  
6 of a number of different types of plastic or plastic and  
7 wood, that they not be funded. So those were the  
8 modifications.

9           BOARD MEMBER PAPARIAN: Is that implied in --  
10 I'm not sure if he meant that in his resolution or not,  
11 but I would just assume go along with what the staff is  
12 recommending and we'll wait until he comes back.

13           CHAIR MOULTON-PATTERSON: In fairness to the  
14 speakers, since we're taking this in sections, I think  
15 we'll go ahead and listen to the speakers at this time so  
16 we don't decide anything before we hear the public.

17           Lorna Brown. Is she gone?

18           MR. DAVIS: Yes.

19           CHAIR MOULTON-PATTERSON: John Davis.

20           MR. DAVIS: Madam Chair, actually Lorna Brown,  
21 Jim Kuhl and I were here to give a presentation on behalf  
22 of the Recycling Market Development Zone Association.  
23 Lorna and Jim had to both leave.

24           CHAIR MOULTON-PATTERSON: And you're John Davis.

25           MR. DAVIS: And I'm John Davis.

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1           CHAIR MOULTON-PATTERSON: Thank you. Sorry.

2           MR. DAVIS: I guess in light of the format of  
3 the staff presentation, would you like us to comment on  
4 each segment in the presentation as it's made?

5           CHAIR MOULTON-PATTERSON: How would you like to  
6 do it? Would you like to --

7           MR. DAVIS: I think if that's what's on your  
8 mind right now are the eligibility factors, generally and  
9 from the association standpoint specifically, we're not  
10 interested in limiting eligibility for the program.  
11 We're interested in developing use for material that's  
12 recovered and diverted in California and kept out of  
13 landfills. And I think the approach Steve Louts from  
14 Oakland Berkeley was here last week and spoke to the item  
15 during your workshop, and I think his comments  
16 specifically are that we shouldn't be looking at a way  
17 to -- we shouldn't be looking at this as excess demand  
18 for funds but that program has been successful in how do  
19 we sustain and sustain that demand and meet that demand.

20           So the CARMDZ specifically has no recommendation  
21 on eligibility other than a recommendation that we don't  
22 believe that limiting eligibility is really in the  
23 interest of meeting the demand of the program, and I  
24 think specifically Lorna Brown would have talked to you  
25 about her efforts over the last year, hiring staff, going

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1 out and identifying local users of material, piquing  
2 their interest in the program, preparing to come forward  
3 and they'll find that there may not be resources  
4 available to them.

5           And the issue of eligibility again is really not  
6 the critical factor so much as the availability of funds.  
7 Jim Kuhl's letter, which I believe you have a copy of,  
8 does talk specifically about eligibility and I think on  
9 behalf of the Mojave Desert RMDZ which I administer I  
10 would say that we would support Jim's comments.

11           The going back to priority ranking systems,  
12 which we haven't discussed, but eliminating paper and  
13 plastics efforts to divert material, trying to  
14 distinguish whether plastic lumber is appropriate or not  
15 appropriate is going to make our lives very chaotic and  
16 confusing. And again, are we keeping material out of the  
17 landfill? Are we fostering the economic climate to use  
18 that material with California businesses? Or are we  
19 trying to limit demand for funds?

20           I talked to you a couple times in the past about  
21 the use of money by public agencies. So I would repeat  
22 those comments. There may be times when you want to do  
23 that. The fact that you haven't been doing it doesn't  
24 necessarily indicate future demand, doesn't necessarily  
25 indicate how best to utilize the funds, and in the

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1 context of there being a shortage of funds right now  
2 doesn't really solve any problems because if you're not  
3 having demand, cutting the eligibility in light of excess  
4 demand on the other side doesn't really accomplish  
5 anything.

6           So specifically as to the items on eligibility,  
7 I think our position would be that's not the real issue.  
8 Eliminating eligibility doesn't get us anywhere. So  
9 CARMDZ would rather speak to the leveraging aspect,  
10 although we would like to comment when Jim La Tanner  
11 gives his presentation as well.

12           CHAIR MOULTON-PATTERSON: So you wanted to  
13 comment after two and three?

14           MR. DAVIS: Please.

15           CHAIR MOULTON-PATTERSON: Thank you, Mr. Davis.

16           Mr. Paparian, did you have a question or  
17 Mr. Jones?

18           BOARD MEMBER PAPARIAN: Before we do that --  
19 just so I'm clear, what is the staff position in terms of  
20 whether they want this modified or not?

21           MS. WOHL: I think basically we weren't taking a  
22 position in this item. We were bringing options forward  
23 for you and I don't think we feel strongly regarding  
24 paper converting projects in particular.

25           BOARD MEMBER PAPARIAN: The plastic one, do you

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1 feel strongly there at all?

2 MS. WOHL: I would say that's not our area of  
3 concern, no.

4 BOARD MEMBER PAPARIAN: I'll just withdraw my  
5 comments from when Mr. Jones was not in the room.

6 CHAIR MOULTON-PATTERSON: Mr. Eaton.

7 BOARD MEMBER EATON: I think -- I know the hour  
8 is late and we're kind of getting bogged down. I  
9 don't -- a pro and con should be -- I think the whole  
10 issue that was raised here is that it's like any other  
11 system of loans and stuff that is a portfolio. If we  
12 were to be classified kind of as a bank of sorts to make  
13 loans is that eligible -- anyone should be eligible as  
14 long as there's criteria.

15 The real key question really becomes what are we  
16 going to fund for that year, and I think maybe what we  
17 ought to do as a Board is make a policy that at the  
18 beginning of the year or what have you, we look at what  
19 problem areas we need to have. This year if it's  
20 plastics and next year it's tires or the following year  
21 it's paper, then we as a Board should say this year we  
22 think that the loans ought to be funded in the following  
23 areas. That preserves all of the options.

24 But I think what happens too often in  
25 organizations such as ours is we'll sit there and

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1 eliminate a criteria and then a year and a half later a  
2 situation arises and we say we can't do that because our  
3 eligibility criteria doesn't allow for that. So one of  
4 the reasons is that I think this is a helpful item the  
5 way it's been laid out, but to look at really what all of  
6 our options are and we as a Board set those priorities at  
7 the beginning of the year.

8 BOARD MEMBER MEDINA: I think it would have  
9 to --

10 CHAIR MOULTON-PATTERSON: Mr. Medina.

11 BOARD MEMBER MEDINA: I agree very strongly with  
12 Mr. Eaton's remarks in that being new to the Board I  
13 don't know all the nuances of all of these different  
14 choices that have been given to us, but I am clear in  
15 terms of the purpose and importance of a loan program and  
16 how it can be used. So I would have to agree very much  
17 with Mr. Eaton in his remarks.

18 BOARD MEMBER EATON: I think one of the things  
19 we could probably agree as a Board is probably what the  
20 top three or four different areas are that we would like  
21 to see funded in some of these areas, whether it be in  
22 plastics or in -- it even could be -- I don't think  
23 they could -- school districts probably couldn't get  
24 money, could they, under a loan program. They don't  
25 have -- they can't pledge revenues. They can't do

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1 anything, so that wouldn't be a situation.

2 I'm trying to think of situations where it would  
3 arise where we would look at a particular segment or  
4 sector of the wastestream and say you need help in  
5 bolstering some of the market development, and I think  
6 those are the key components. And the issue really arose  
7 with the fact of the real estate.

8 I think we have overemphasized to a large degree  
9 our reliance upon buying property or whatever, and I  
10 think that's in the second category and that would be one  
11 where we as a Board would say we don't want to see any of  
12 these loans come forward. Mr. Jones, I think you had a  
13 whole chart or something the last time if I'm not  
14 mistaken, but if we did something where maybe it's every  
15 six months or whatever time frame we thought appropriate  
16 we would set the priorities to where we wanted to see the  
17 loans funded. We wouldn't declare eligibility off limits  
18 but you would really concentrate on the what to fund and  
19 what we can leverage for it, much like we do when we do  
20 the 2136.

21 CHAIR MOULTON-PATTERSON: Does staff have any --

22 BOARD MEMBER EATON: Another silence. I tried  
23 to help you, Mr. Jones.

24 (Laughter)

25 BOARD MEMBER JONES: I agreed with everything

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1 you said.

2 BOARD MEMBER ROBERTI: I think it's the hour. I  
3 think it's the hour, not your eloquence.

4 BOARD MEMBER JONES: I think Mr. Eaton makes  
5 sense. I think the one thing though, the JTR set-aside  
6 takes \$2 million out of our hands that we can't lend. I  
7 think we probably need to determine whether or not we  
8 want to keep that in or not, and as far as all the others  
9 it doesn't hurt us one way or another. What's anybody's  
10 feeling on this set-aside?

11 BOARD MEMBER ROBERTI: Madam Chair.

12 CHAIR MOULTON-PATTERSON: Senator Roberti.

13 BOARD MEMBER ROBERTI: I basically think I hate  
14 to encumber the money since there seems to be a heavy  
15 demand on these monies for things that are more ready to  
16 go than the one JTR project that we have, so -- although  
17 I think the concept of jobs for recycling is excellent.  
18 I don't have strong feelings one way or the other, but I  
19 tend -- myself I tend to think we should not encumber the  
20 money, especially if we have a lot of other applicants  
21 who are in a position to go.

22 CHAIR MOULTON-PATTERSON: Mr. Jones.

23 BOARD MEMBER JONES: Makes sense by me. We're  
24 looking to -- it seems to me this ended in October or  
25 it's going to end in October, so we've taken care of our

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1 commitment. We have nothing in the bank right now,  
2 coming; right? There's nothing in what you guys are  
3 working on.

4 MR. SMITH: We have significant unspent funds  
5 and there's a lot of momentum going on this project and  
6 we have businesses in the pipeline that could be very  
7 successful.

8 MS. WOHL: That may or may not need a loan.

9 BOARD MEMBER JONES: That may or may not. Okay.  
10 So if we eliminate the thing, it's going to send a signal  
11 that we don't want to do it.

12 MS. WOHL: Probably, yes.

13 BOARD MEMBER JONES: If we reduce it to a  
14 million dollars, we're setting aside a million; right?

15 MR. SMITH: Under the option we're talking  
16 about, perhaps not tying it in specifically with that \$10  
17 million allocation but just funding them as they come in.

18 BOARD MEMBER JONES: Right.

19 MR. SMITH: So maybe one year we would fund more  
20 than \$10 million or even it may still fit within the \$10  
21 million.

22 BOARD MEMBER JONES: So what you're saying is we  
23 can fund it through the \$10 million and send the message  
24 that we're going to eliminate this \$2 million set-aside  
25 as opposed to reducing it. Is that the preferable

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1 option?

2 MS. WOHL: I think one idea that we've had is  
3 that we continue a million set-aside because it would  
4 show that we're still interested but we don't take it out  
5 of our \$10 million that we're going to fund this year  
6 because we don't think there's --

7 BOARD MEMBER JONES: Take it out of the \$4  
8 million or \$5 million that you have next year.

9 MR. WOHL: Right. Or if it came up, just fund  
10 it out of this year but not out of the \$10 million limit.  
11 Does that make sense? So it's sort of a win-win.

12 BOARD MEMBER JONES: Understood.

13 MS. WOHL: If nothing comes in, we're in the  
14 same boat.

15 BOARD MEMBER JONES: Understood.

16 MR. SMITH: It would be just for one year.  
17 We're only looking at an extension for one year.

18 BOARD MEMBER JONES: All right. And our  
19 available funds for next year are \$6 million, \$7 million,  
20 something like that?

21 MS. WOHL: If you're talking about what we have  
22 currently, it's approximately \$5 million beyond the \$10  
23 million, but then we expect to get additional money so we  
24 think next year we can fund about \$7-plus million.

25 BOARD MEMBER JONES: So this million of part of

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1   that \$7 million.

2               MS. WOHL:   Yes.   That's what we're proposing.

3               BOARD MEMBER JONES:   So you can only really  
4 encourage \$6 million worth of loans because that's all  
5 you have available.

6               MS. WOHL:   For next year.

7               BOARD MEMBER JONES:   Okay.   I just want to make  
8 sure.   I don't want to see \$20 million.   So we leave the  
9 eligibility criteria for public infrastructure we leave  
10 it in, paper converting we leave it in and if it happens,  
11 it happens.   If it doesn't, it doesn't.   And we reduce  
12 the JTR set-aside to a million dollars but we use -- we  
13 fund that through next year's -- not out of this \$10  
14 million pot, the other pot.

15              MS. WOHL:   Let me tell you.   We actually have --

16              BOARD MEMBER ROBERTI:   What about --

17              MS. WOHL:   We actually have \$15 million in the  
18 loan program at the beginning of this year we had.   We  
19 have spent up to close to \$7 million, so we have about --  
20 some portion of what I mentioned early on here, \$3.6  
21 million out of this year that we can still fund.   But  
22 that does leave an additional \$5 million out there.  
23 There is a budget set at \$10 million that's in the  
24 Governor's budget, but because this money is continuously  
25 appropriated, that budget is not set.   It's really an

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1 estimate of what we expect to spend. So you have  
2 flexibility to go beyond that if you so choose.

3 MR. LA TANNER: Staff's thoughts are to reduce  
4 the JTR set-aside \$2 million and keep it to show faith in  
5 the JTR project, although we would take that million and  
6 if an application came in, which we may or may not get  
7 one this year, we would fund it out of the reserves.  
8 That would allow us to go ahead and process the  
9 applications in-house. The state budget says that we can  
10 fund up to \$10 million in loans this year, but we can't  
11 go -- at Board direction we can exceed that \$10 million,  
12 but if you do, you're taking it out of next year's funds.

13 This subaccount actually has close to \$15  
14 million in it. We're targeted to fund \$10 million and  
15 carry over \$5 million. If a JTR project does come  
16 forward, an applicant for a loan, then we would fund it  
17 out of the \$5 million, which we could fund it this year.

18 BOARD MEMBER ROBERTI: This year we've already  
19 approved (inaudible). We would have a \$2 million JTR  
20 set-aside.

21 MR. LA TANNER: Correct.

22 BOARD MEMBER ROBERTI: That \$2 million  
23 set-aside -- now before us (inaudible), but that \$1  
24 million would come out of the reserve which is over and  
25 above the \$10 million.

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1 MR. LA TANNER: Correct.

2 BOARD MEMBER ROBERTI: But that reserve is  
3 really next year's appropriation.

4 MR. LA TANNER: It's funds in the subaccount  
5 right now that would roll over to next year if we didn't  
6 lend it out.

7 BOARD MEMBER ROBERTI: So if we passed -- I  
8 think Mr. Jones has a (inaudible) point. If we passed  
9 that, that means that \$11 million -- we're talking about  
10 \$11 million; right?

11 MS. WOHL: That we could potentially spend \$11  
12 million this year.

13 BOARD MEMBER ROBERTI: We may not even end up  
14 spending the whole \$10 million. If that's the case, what  
15 happens to that?

16 MS. WOHL: It rolls over.

17 BOARD MEMBER ROBERTI: It rolls over.

18 MS. WOHL: But we're pretty much going to spend  
19 it.

20 (Laughter)

21 BOARD MEMBER ROBERTI: And the reason we're  
22 going to is we've already spent the \$10 million.

23 MS. WOHL: We're close. We have \$3.4 million  
24 left and we think in October we're going to bring you  
25 that much.

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1           BOARD MEMBER ROBERTI: \$1 million satisfies the  
2 feds.

3           MS. WOHL: We think they feel that's a good  
4 faith effort on our part that we would want to continue  
5 the project.

6           CHAIR MOULTON-PATTERSON: Mr. Eaton, did you  
7 have a comment?

8           BOARD MEMBER EATON: I just -- one of the things  
9 that's here because it was part of what we were doing and  
10 sort of how we got here, there used to be a huge, huge,  
11 huge, huge, huge reserve. We went and got money to be  
12 able to spend that reserve down and now there's demand  
13 that's been increased. What my understanding is is that  
14 this next year our executive staff will go and seek to  
15 fund this program; correct? Up to \$5 million. We used  
16 to get an automatic transfer of \$5 million every year.  
17 That ended this year. That was by operation of the  
18 legislation. That wasn't by any action of any Board or  
19 by the Governor. That was in the legislation; was it not?

20           MS. FISH: The legislation provided the ability  
21 to have us make an up-to amount. So the \$5 million was  
22 no longer required, but the Board has the ability to  
23 transfer up to \$5 million.

24           BOARD MEMBER EATON: From the IWMA.

25           MS. FISH: From the IWMA.

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1           BOARD MEMBER EATON: And that --

2           MS. FISH: But because there weren't sufficient  
3 reserves in the IWMA to transfer, we left the loan  
4 program with a spending plan of \$10 million. Now, next  
5 year they -- right now they possibly were projecting \$7  
  
6 million, but there are plans going forward to move some  
7 of the costs out of the RMDZ that are currently budgeted  
8 there, as well as there is probably some expenditures  
9 that will not happen in the RMDZ which will add funds.  
10 Funds will be freed up in the fund, as well as the Board  
11 may want to look next year if there's additional reserves  
12 in the IWMA to fund an up-to amount.

13           So there are options for next year. What  
14 they're asking to be able to do is revise the spending  
15 plan in the Governor's budget, which is acceptable  
16 because this account is continuously appropriated, and we  
17 can spend up to the cash level in the fund under the  
18 continuously appropriated item and then see as we put  
19 together the spending plan next year what level the Board  
20 wants to keep this from that.

21           BOARD MEMBER EATON: That's very clear.

22           MS. FISH: Sorry.

23           BOARD MEMBER EATON: No, I understand what  
24 you're saying. I wasn't being facetious. I was saying  
25 that that gets you there. The question really becomes

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1 that they spend up to the revised plan, there may not be  
2 any money next year, even though we have the spending  
3 authority because there may not be sufficient IWMA funds  
4 or reserves which you call, in order to fund the loan  
5 program. That's not through any action, that's just the  
6 way the cash flow goes.

7 MS. FISH: Right.

8 BOARD MEMBER EATON: Okay.

9 CHAIR MOULTON-PATTERSON: Okay.

10 BOARD MEMBER JONES: Madam Chair.

11 BOARD MEMBER EATON: I hear you. Okay.

12 BOARD MEMBER JONES: All right. So the proposal  
  
13 would be keep 1-A, 1-B and 1-C and reduce the JTR to \$1  
14 million and using that whole fund to recover that. Does  
15 that make sense?

16 I don't know how we're doing this. We're doing  
  
17 this --

18 BOARD MEMBER ROBERTI: Second.

19 BOARD MEMBER JONES: Thank you, Senator.

20 CHAIR MOULTON-PATTERSON: Do you have that?

21 MS. WOHL: Yes.

22 CHAIR MOULTON-PATTERSON: We have a motion by  
23 Mr. Jones.

24 BOARD MEMBER JONES: That we will on project  
25 eligibility continue to include public infrastructure and

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210

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1 capital improvements, paper converting projects,  
2 manufacturing using recycled plastic feedstocks, and that  
3 we will reduce the JTR set-aside to \$1 million.

4 CHAIR MOULTON-PATTERSON: Seconded by Senator  
5 Roberti.

6 Please call the roll.

7 BOARD SECRETARY: Eaton.

8 BOARD MEMBER EATON: Aye.

9 BOARD SECRETARY: Jones.

10 BOARD MEMBER JONES: Aye.

11 BOARD SECRETARY: Medina.

12 BOARD MEMBER MEDINA: Aye.

13 BOARD SECRETARY: Paparian.

14 BOARD MEMBER PAPARIAN: Aye.

15 BOARD SECRETARY: Roberti.

16 BOARD MEMBER ROBERTI: Aye.

17 BOARD SECRETARY: Moulton-Patterson.

18 CHAIR MOULTON-PATTERSON: Aye.

19 So --

20 BOARD MEMBER JONES: Madam Chair.

21 CHAIR MOULTON-PATTERSON: Now we're going on to  
22 part two -- yes, Mr. Jones.

23 BOARD MEMBER JONES: Before we get into this  
24 discussion, maybe this will be easier. I mean we're --  
25 part of our problem is that 70 percent of the loans that

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1 we've given away have been for land. Maybe we can focus  
2 the discussion on the real estate portion and the  
3 priority system for funding, it doesn't make any sense to  
4 increase the interest rate right now. Because of the  
5 incredible activity we've done, we've got people coming  
6 forward for a lot of different projects. The points  
7 right now are at a half.

8           Establish a borrowing limit, I think we probably  
9 should discuss that more, but I don't think we should  
10 have minimal conversion tonnage because if we set a  
11 number for what's right in southern Cal, that doesn't  
12 have anything to do with what happens in rural  
13 California.

14           I think that modifying the parameters associated  
15 with loans purchasing real estate is something that we  
16 ought to focus our discussion on. I could see limiting  
17 loans on real estate to \$501,000 and -- or \$500,001 and  
18 maybe looking at loans at \$250,000 to be the SMIF, which  
19 is right now at 6 percent. Prime right now is at 9.5.  
20 That's 3.5 percent below prime. Add two points to that,  
21 you're looking at an awfully good rate up to \$250,000.  
22 And then maybe if we look at that \$250,000 to \$500,000  
23 and make it SMIF plus a point, maybe we end up not giving  
24 the farm away.

25           I think rural California needs the opportunity

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1 to buy land. In some cases, that's what we've heard in  
2 Eureka, Humboldt County, that they just can't lease it.  
3 It's not available and they actually have to buy it, but  
4 I don't think -- I think when we've funded \$1 million and  
5 a half to buy a building to recycle 800 tons of plastic,  
6 I'm not sure we're getting the biggest bang for our buck  
7 and we are depleting the fund rapidly.

8           So I think if we just set those parameters and  
9 let them come back in another couple of months and see  
10 how they're doing, it would probably focus this a little  
11 bit better.

12           MS. WOHL: Can I get clarification on that? Was  
13 it 2 percent plus or SMIF plus two for zero to \$250,000  
14 or all the way to \$500,000?

15           BOARD MEMBER JONES: No.

16           MS. WOHL: Oh, SMIF plus one.

17           BOARD MEMBER JONES: SMIF plus one.

18           MS. WOHL: For the low and -- I'll let you say  
19 it again.

20           BOARD MEMBER JONES: Actually, \$250,000, SMIF.  
21 You could go SMIF plus a half or you could just go SMIF.  
22 Just SMIF to \$250,000.

23           MS. WOHL: Okay.

24           BOARD MEMBER JONES: \$250,000 to \$500,000 would  
25 be SMIF plus one.

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1 MS. WOHL: And then nothing over \$500,000.

2 BOARD MEMBER JONES: I don't think you should  
3 lend money on real estate over \$500,000. I think it just  
4 eats up the fund and it doesn't give us the opportunity  
5 to put in equipment and to put in the things we need to  
6 move recycling.

7 CHAIR MOULTON-PATTERSON: Mr. Davis --

8 BOARD MEMBER ROBERTI: The problem is not  
9 whether -- just thinking off the top of my head, I mean,  
10 real estate is more expensive in some areas than others.  
11 If we don't loan -- I understand that it might cut it too  
12 much, but if we don't loan, what happens if we need  
13 capital improvements for various kinds of urban  
14 environmental activities that we might be interested in?  
15 Would that constrain it?

16 BOARD MEMBER JONES: Leasehold improvements?  
17 All I'm talking about is the purchase of real estate.

18 BOARD MEMBER ROBERTI: You're only talking about  
19 --

20 BOARD MEMBER JONES: I'm only talking about the  
21 purchase of real estate, not leasehold improvements and  
22 not equipment, only the purchase of real estate.

23 BOARD MEMBER ROBERTI: Okay. I might agree with  
24 you. I'd like to get a better picture of what kind of  
25 real estate we buy for -- that we would loan for in urban

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1 areas. I can envision purchase for landfill property or  
2 something rather in a very rural area, but in urban areas  
3 what would we need to purchase? What is something that  
4 someone might come and ask you for a loan to purchase  
5 property? What's been our experience?

6 MR. LA TANNER: What the loans are for real  
7 estate is recycling businesses approaching us that are  
8 currently leasing property that have an opportunity to  
9 purchase commercial real estate to house the facility and  
10 they need assistance in buying -- a loan to buy the real  
11 estate. If they lease the property, we can do leasehold  
12 improvements. If they already own the property, we can  
13 finance capital improvements.

14 What the restriction would be is if they want to  
15 purchase the real estate and relocate the business onto  
16 that, then we would offer a maximum loan of \$500,000.

17 BOARD MEMBER ROBERTI: I don't know if they've  
18 purchased or leased, but I visited a high end furniture  
19 company that was located in Hollywood, which was way too  
20 expensive for them, and then they moved down to Carson  
21 and they purchased -- they made rustic furniture out of  
22 old pieces of furniture. And I know they advertise in  
23 Newman's Sundance Magazine and a whole bunch of high end  
24 kinds of things. They were complaining about -- they  
25 seemed to be pushed further and further out because of

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1 their costs. So that just strikes me -- I can't remember  
2 if they purchased or leased, but I think they got  
3 something from us, and I don't know what it was -- the  
4 amount, rather -- but I know they got money from us. I  
5 totally see what Mr. Jones is getting at because one loan  
6 can eat up everything, but on the other hand urban  
7 facilities where the populations are, I have to give this  
8 some thought.

9 BOARD MEMBER JONES: I understand. I think one  
10 thing, too, is that there's nothing that precludes  
11 somebody from going in and buying a \$2 million piece of  
12 property and using this \$500,000 at SMIF, which is below  
13 the prime.

14 BOARD MEMBER ROBERTI: It's still a good deal.

15 BOARD MEMBER JONES: Blended deal. They're  
16 still borrowing below the rate that they could have  
17 borrowed without us.

18 BOARD MEMBER ROBERTI: What's our total -- how  
19 much money do we -- how much money are we talking about?

20 MR. LA TANNER: The maximum loan is \$2  
21 million.

22 BOARD MEMBER ROBERTI: The maximum loan is \$2  
23 million, but how much is in our pot altogether for the  
24 --

25 MR. LA TANNER: For the remainder, \$3.4

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1 million.

2 BOARD MEMBER ROBERTI: That's the remainder.

3 Next year will be how much?

4 MR. LA TANNER: Right now we're at \$7.3 million.

5 BOARD MEMBER ROBERTI: \$7.3. Okay.

6 MR. LA TANNER: What this would do is an  
7 applicant that normally would approach us for a \$2  
8 million real estate loan would go to SBA or their local  
9 bank to obtain a loan for roughly 80 percent or however  
10 much, and we would probably finance a maximum of \$500,000  
11 second deed of trust if they needed that.

12 BOARD MEMBER ROBERTI: The maximum loan, let me  
13 ask Steve a question. If the maximum loan is \$500,000  
14 and somebody says they really need this badly to purchase  
15 land, I'm trying to think of a couple other visitations I  
16 had that they were talking -- they in fact asked me  
17 before I knew. They said can we buy furniture. This is  
18 one in Sun Valley and they were putting cartons or  
19 something together. And the RMDZ loans basically --  
20 well, our (inaudible) most popular thing to do, but why  
21 not just -- if they can purchase the real estate, why not  
22 let them -- if we have a cap, why not just say \$500,000,  
23 which is what we do -- what is the problem with that as  
24 between -- I'm trying to get your advice and input as I  
25 try to figure this one out.

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1           BOARD MEMBER JONES: Cap it at \$500,000 instead  
2 of capping it at \$2 million?

3           BOARD MEMBER ROBERTI: Yeah.

4           BOARD MEMBER JONES: For land?

5           BOARD MEMBER ROBERTI: Yeah.

6           BOARD MEMBER JONES: I don't have any problem  
7 with that.

8           BOARD MEMBER ROBERTI: As long as -- is that  
9 what you said or -- yeah. Okay.

10          BOARD MEMBER JONES: And this way if somebody  
11 went in and let's say they needed to come to us with a --

12          BOARD MEMBER ROBERTI: Right now the cap is at a  
13 million?

14          MS. WOHL: Right. They could do it all for land  
15 at \$2 million.

16          BOARD MEMBER JONES: And I don't want to take  
17 that cap away. If they wanted to come in and buy  
18 equipment and land, I'm saying that to buy the land  
19 capped out at \$500,000. If they want to buy \$1.5 million  
20 in equipment or \$1.2 in equipment and \$300,000 in working  
21 capital, I don't have a problem with that.

22          BOARD MEMBER ROBERTI: So they can probably  
23 still juggle their folks around with --

24          BOARD MEMBER JONES: They'll do a blended rate  
25 that will give them a better deal than they can get

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1 through SBA or anybody else.

2 CHAIR MOULTON-PATTERSON: While you're thinking,  
3 Mr. Davis has been waiting.

4 MR. DAVIS: First of all, I think the  
5 association would agree with Mr. Jones's suggestion on  
6 the priority system and that. We don't want to go there.  
7 We want to make the program work and not close the door  
8 on people. We want to bring people in.

9 As far as the real estate loan, the association  
10 itself does not have a position, but I think individual  
11 ZAs understand your concern. And I think what I would  
12 ask is that if there were a necessity, if someone could  
13 demonstrate necessity above the \$500,000, consider that.

14 I could foresee -- I could construct a scenario  
15 where there may be a necessity if someone had equipment.  
16 \$500,000 in my area might get you a 10,000 square foot  
17 building and two acres of land. If someone had equipment  
18 already in-hand and wanted to relocate for all the good  
19 reasons into our zone or expand an out-of-state operation  
20 into our zone, I could see the necessity. If they could  
21 demonstrate that, if you were open to that rather than  
22 put a hard and fast rule, that's all we're asking for.  
23 Let us be flexible and creative as we see the need and  
24 not limit.

25 BOARD MEMBER JONES: John, I don't have a

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1 problem with that, but we have to set a hard and fast  
2 rule. If we said there would be exemptions on a  
3 case-by-case basis depending on need, the need to pay 6  
4 percent versus 11.5 percent is a pretty compelling need  
5 to me.

6 BOARD MEMBER ROBERTI: Madam Chair.

7 BOARD MEMBER JONES: So I think we have to be  
8 careful.

9 CHAIR MOULTON-PATTERSON: Senator Roberti.

10 BOARD MEMBER ROBERTI: What if there's a  
11 default? Are we better off holding land or do we have  
12 default?

13 MR. LA TANNER: Yes. We have defaults. Both  
14 defaults have land.

15 BOARD MEMBER ROBERTI: Pardon?

16 MR. LA TANNER: Both of the defaults of loans  
17 have land.

18 BOARD MEMBER ROBERTI: They were both landed.

19 MR. LA TANNER: We have land as collateral for  
20 both defaults. Let me phrase it that way.

21 BOARD MEMBER ROBERTI: Well, that's what I mean.

22 MR. LA TANNER: If we adopted this proposal, a  
23 typical applicant --

24 BOARD MEMBER ROBERTI: What do we own now?

25 MR. LA TANNER: You don't want to know.

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1 BOARD MEMBER ROBERTI: I don't --

2 MR. LA TANNER: You don't want to know.

3 BOARD MEMBER ROBERTI: Tell me. Tell me.

4 BOARD MEMBER EATON: It was one of those that

5 was discussed in closed session, if you'll remember.

6 BOARD MEMBER ROBERTI: Oh, yeah, yeah.

7 (Laughter)

8 BOARD MEMBER JONES: See, I'm trying to minimize

9 your pain here.

10 BOARD MEMBER EATON: But Senator --

11 BOARD MEMBER ROBERTI: Didn't we subsequently

12 pass something that we weren't going to loan on --

13 MR. LA TANNER: Right. We do not take

14 single-family residences as collateral for loans.

15 BOARD MEMBER ROBERTI: Like if we are lending to

16 a recycling, lend a couple million dollars to some

17 recycling corporation, isn't recycling equipment kind of

18 rarified? You can do more with -- better to hold the

19 land than the --

20 MR. LA TANNER: True, but the intent of the

21 program first is to finance recycling equipment which is

22 the most difficult item. A typical borrower, if we adopt

23 this scenario, could go to SBA and get a loan --

24 BOARD MEMBER ROBERTI: Okay. You've convinced

25 me.

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1           MR. LA TANNER: We just --

2           BOARD MEMBER ROBERTI: You've convinced me.

3           BOARD MEMBER EATON: I have one question, Mr. La  
4 Tanner. You raised the point. You said that if a  
5 business went to SBA and got 80 percent; right? You're  
6 talking about funding the other 20 percent?

7           MR. LA TANNER: We could finance \$500,000 toward  
8 it.

9           BOARD MEMBER EATON: And that would give us the  
10 second trust deed; correct?

11          MR. LA TANNER: Correct.

12          BOARD MEMBER EATON: Why would we want to be in  
13 a secondary position on a trust deed? I sure wouldn't as  
14 a Board Member for a very fiduciary kind of duty. I  
15 don't think we ought to be lending a bridge and getting a  
16 second trust deed. That puts us behind the IRS, State  
17 and other kinds of County liens and then you have  
18 probably either the Bank of America or, you know,  
19 Washington Mutual and then comes the Waste Board with  
20 their second trust deed. I don't think we even get  
21 anything back. We haven't had any second trust deeds  
22 yet; have we?

23          MR. LA TANNER: No, we haven't.

24          BOARD MEMBER EATON: That's good. That's the  
25 problem you run into, right, if you go the other way. I

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1 wasn't very critical, but it does become a problem.

2 MR. LA TANNER: All loans have an appraisal, but  
3 we could end up in second place with a hundred percent of  
4 the property financed, yeah.

5 What's happening with the 70 percent of loans  
6 that we've made for the purchase of real estate is  
7 companies coming to us because we have \$2 million, 15  
8 years, 6 percent. You can't beat that, and several of  
9 those companies could easily walk into the bank. So by  
10 capping it you're going to encourage them to go to the  
11 bank first, and then the smaller businesses that buy  
12 smaller properties could utilize more of our funds up to  
13 \$500,000.

14 BOARD MEMBER JONES: Madam Chair.

15 CHAIR MOULTON-PATTERSON: Mr. Jones.

16 BOARD MEMBER JONES: Going through this priority  
17 list, and this may be in the form of a motion, I think --  
18 and with the caveat that I think we ought to look at this  
19 in a couple of months and make sure that what we're  
20 trying to sculpt here makes some sense. You know what I  
21 mean? Because I don't think we should increase the  
22 interest right now. I don't think that we should  
23 increase the points. I think that we should -- I don't  
24 even want to address the borrowing limit other than in  
25 that one area because our borrowing limit right now is

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1 for a total project that's \$2 million. I think we ought  
2 to leave that alone. I don't think we should establish  
3 minimum diversion tonnage. I don't think at this point  
4 we should deal with the priority rating system. I think  
5 Mr. Eaton covered that earlier that there may be some  
6 mechanisms we can work on to focus. I do think we should  
7 modify the parameters around real estate loans to be  
8 \$250,000 SMIF and from \$250,000 to \$500,000 SMIF plus one  
9 point with a limit of \$500,000 for real estate  
10 purchasing, and that we also look at --

11 BOARD MEMBER ROBERTI: Can I interject speaking  
12 as a Southern California resident? What -- I don't  
13 know -- and probably the Bay Area is even worse, but what  
14 are you going to get for \$250,000, even if it's a partial  
15 loan for a business -- for a piece of business property?  
16 I would think it's not much. My point is maybe your  
17 first -- maybe your first category at least should be  
18 zero to \$500,000.

19 BOARD MEMBER JONES: Okay. SMIF plus one. I  
20 was just trying to give them a break on the first  
21 \$250,000.

22 BOARD MEMBER ROBERTI: The first \$500,000 would  
23 be SMIF.

24 BOARD MEMBER JONES: Okay. And then cap it at  
25 \$500,000 for real estate?

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1           BOARD MEMBER ROBERTI: Yeah. Because I mean  
2 you're giving somebody a break at the low levels but --  
3 and my generally liberal instincts say that's a great  
4 thing to do, but there's no low levels anymore in much of  
5 the urban areas of California.

6           BOARD MEMBER JONES: All right. I'll tell you  
7 what. SMIF from zero to \$500,000. Go ahead.

8           MS. WOHL: I was going to say maybe sort of  
9 status quo except for you want a limit now on real  
10 estate. That's really the one issue.

11          BOARD MEMBER JONES: \$500,000. And then we'll  
12 review special circumstances on some of these projects  
13 that come forward, rural or whatever, maybe they need  
14 \$550,000 or \$600,000 and they can't --

15          MR. LA TANNER: Staff is considering one  
16 application from a company up on the northern coast for  
17 \$850,000. Not all of that is real estate.

18          BOARD MEMBER JONES: Not all of that is.

19          MR. LA TANNER: If you don't set a hard cap at  
20 \$500,000, then when that item is presented you may have  
21 to look at it if they want \$550,000 or \$600,000. It's  
22 better to set it --

23          BOARD MEMBER JONES: Okay. We'll set the hard  
24 cap, then. I've got faith that you can bring something  
25 strange to this Board.

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1 CHAIR MOULTON-PATTERSON: So was that a motion?

2 BOARD MEMBER JONES: That was a motion.

3 BOARD MEMBER EATON: Before we get to the  
4 motion, Board Member Greenspan -- I mean Jones.

5 (Laughter)

6 BOARD MEMBER EATON: Do we have any requirements  
7 as to some of this land, is it just raw land, unimproved  
8 land, or is it always improved with a building of some  
9 sort?

10 MR. LA TANNER: We've had both cases. They're  
11 either purchasing raw land and are going to construct the  
12 facility on it or they're buying an existing facility --

13 BOARD MEMBER EATON: And retrofit?

14 MR. LA TANNER: And retrofit.

15 BOARD MEMBER EATON: Is there any kind of  
16 requirement that we have for having them include green  
17 building technology in these buildings and can we? I  
18 mean if you get a pretty good interest loan pretty cheap,  
19 if you look at it, part of that is part of the business.  
20 I'm just saying in terms of that. I don't want to add  
21 more problems to funding a loan, but I think that is also  
22 putting our money where our mouth is as well.

23 BOARD MEMBER JONES: Having them identify maybe  
24 some of the areas.

25 BOARD MEMBER EATON: It's kind of a priority

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1 system. That's all you're doing. That's not a hard and  
2 fast rule, but it is a priority system.

3 BOARD MEMBER JONES: I think we ought to include  
4 it in the discussion. That makes sense to me. So I  
5 think a combination of those two.

6 CHAIR MOULTON-PATTERSON: And that's your  
7 motion. Do we have a second?

8 BOARD MEMBER MEDINA: Second.

9 CHAIR MOULTON-PATTERSON: Motion by Mr. Jones,  
10 seconded by Mr. Medina. You said it once.

11 BOARD MEMBER JONES: Do you want me to say it  
12 again?

13 BOARD MEMBER EATON: You said it enough.

14 (Laughter)

15 MS. WOHL: I got it.

16 BOARD MEMBER JONES: Did you get it?

17 MS. WOHL: Yes.

18 CHAIR MOULTON-PATTERSON: Secretary, please call  
19 the roll.

20 BOARD SECRETARY: Eaton.

21 BOARD MEMBER EATON: Aye.

22 BOARD SECRETARY: Medina.

23 BOARD MEMBER MEDINA: Aye.

24 BOARD SECRETARY: Paparian.

25 BOARD MEMBER PAPARIAN: Aye.

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1 BOARD SECRETARY: Roberti.

2 BOARD MEMBER ROBERTI: Aye.

3 BOARD SECRETARY: Jones.

4 BOARD MEMBER JONES: Aye.

5 BOARD SECRETARY: Moulton-Patterson.

6 CHAIR MOULTON-PATTERSON: Aye.

7 BOARD SECRETARY: Did I get everybody?

8 MS. WOHL: Maybe in the interest of time the  
9 last section was leveraging options, and you really could  
10 defer to us to start investigating a few of these we  
11 think are maybe the hottest potential and bring back  
12 information to you at some point.

13 BOARD MEMBER ROBERTI: That sounds great.

14 CHAIR MOULTON-PATTERSON: I would like that, and  
15 I do want to give Mr. Davis --

16 MR. DAVIS: Actually, the California Association  
17 of Recycling Market Development Zones, and I'm the  
18 current President of that, our major interest is in this  
19 area. So we would like to suggest three things. You  
20 heard earlier that there is a balance uncommitted in the  
21 RMDZ program. We think you should be prepared to utilize  
22 that balance and not curtail our efforts to deliver  
23 qualified eligible loan applicants to you. You may by  
24 next month have committed the \$10 million that you have  
25 available. We are out there generating interest in the

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1 program and if we tell people come back after next July,  
2 they're gone. It makes our life impossible and the crux  
3 of Lorna Brown's comments, Jim Kuhl's comments, Steve  
4 Laud's comments and really the whole association's  
5 comments is please let's try to avoid that. You have  
6 uncommitted balance in the program.

7           The second recommendation that we would make is  
8 to immediately begin the work as you did before, which I  
9 think led to the large amount of money that was available  
10 in the fund at one time and all the subsequent issues  
  
11 that fell out from that. Consider if necessary a sale of  
12 a loan portfolio in order to continue the momentum. We  
13 would rather plow through the money and use it up than to  
14 try to end up deciding who's going to get the \$5 million  
15 on July 1. It makes our life -- and I don't know what we  
16 would do as Zone Administrators to make that a workable  
17 system.

18           The third recommendation that we have is it  
19 would be to request that you designate a working group of  
20 Board staff, Board Members to work with the Zone  
21 Association. We will bring in the resources that we can  
22 bring to the table, and let's talk about how to size this  
23 program and how to market the program and how to make it  
24 work. It's a good time right now. There's receptivity  
25 to this for a number of reasons. It's a good economic

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1 climate, but we can do -- this is a unique program. This  
2 is something across the country that people look to.  
3 We're on the verge of really growing this program and  
4 we'd like to work with you to do it correctly.

5 I think Mr. Eaton's comments earlier were very  
6 appropriate. We ought to be looking at where the demand  
7 is and where it should be. We're prepared, the Zone  
8 Association is prepared to work with the industries, work  
9 with yourselves to go commodity by commodity, to sit down  
10 with the people in the paper industry. What can you do  
11 in California, where are your interests, where are the  
12 opportunities in California, how do we work with you to  
13 realize those and how should we approach this whole issue  
14 of finance.

15 Right now you're setting a limit. We're out  
16 there marketing the program. We're not saying there's  
17 this amount of money in there. We're saying here's the  
18 program and the interest is there. We'd like to go  
19 material by material. We'd like to work with the  
20 plastics people. We'd like to work with the paper  
21 people, the C&D and the organics people. We'd like to be  
22 able to come to you and say here's some very specific  
23 things that we can do. It's not all just loaning money  
24 and we know that. We've had those discussions with those  
25 people, the trade groups, the journals, and so we're

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1 asking I guess as a third part is let's get that process  
2 going, establish a working group so we can come back to  
3 you and be very specific to create a linkage in the  
4 program, size the program accordingly.

5           There's some great opportunities here for market  
6 development, and what I hear and you probably hear too is  
7 that market development, all the other things that we're  
8 doing right now is putting a lot of material out there.  
9 Somewhere there's 22 million tons, and if it's going  
10 overseas, what can we keep here, what can we use to build  
11 this economy and do it sustainably. The idea of tying in  
12 all your various programs into things like green  
13 building, those are things we'd love to work on and we  
14 offer our help, but first of all we need to address the  
15 immediate problem. So we hope that you'll receptive.

16           Use the money you have, start the work if you  
17 need to on the sale of the loan portfolio and work with  
18 us on these other options. We offer those all for you.  
19 Zone Administrators are members of the association.  
20 We've circulated the material to them and we're ready to  
21 go.

22           CHAIR MOULTON-PATTERSON: Thank you so much,  
23 Mr. Davis. I started to say Mr. Jones, I've said it so  
24 many times today.

25           (Laughter)

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1           CHAIR MOULTON-PATTERSON: We really appreciate  
2 your input and we'd like to have you work with our staff  
3 and the Board Members on this because it's real important  
4 to us. Thank you for sharing your thoughts.

5           Thank you for a real good presentation.

6           BOARD MEMBER JONES: Madam Chair.

7           CHAIR MOULTON-PATTERSON: Yes.

8           BOARD MEMBER JONES: I think his idea about a  
9 working group makes an awful lot of sense. I think we  
10 probably ought to look at that.

11          CHAIR MOULTON-PATTERSON: I do too. I'd like  
12 that, the staff and the Board involved.

13          Thank you so much. It's been a long day.  
14 We'll continue with all out items tomorrow.

15          Oh, I'm sorry. I was told. Would you like to  
16 go ahead and hear it?

17          BOARD MEMBER ROBERTI: Hear what?

18          CHAIR MOULTON-PATTERSON: Number 13, we have  
19 people that are -- the resolution on Number 7,  
20 Resolution 2000-406.

21          MS. COVINGTON-WEBB: Right. We covered the  
22 leveraging portion and the fund -- wait. The eligibility  
23 criteria and the fund applications. So those are both  
24 covered in this resolution.

25          BOARD MEMBER JONES: The only thing we didn't do

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1 was the leverage.

2 MS. COVINGTON-WEBB: Right. So do you want to  
3 revise this?

4 MS. TOBIAS: I think that's what I would suggest  
5 is that we just have staff revise it. We've had a lot of  
6 Board testimony on this and so I think that we could go  
7 ahead and revise this. If the Board would like to see it  
8 tomorrow, they could, but I think this is in the nature  
9 of one that we could probably revise without coming back.

10 MS. COVINGTON-WEBB: So can we vote on it  
11 tonight and get it --

12 MS. TOBIAS: I was taking their motion as --

13 MS. COVINGTON-WEBB: Okay.

14 MS. TOBIAS: Rather than -- what they're doing  
15 is instead of voting on the motion, they've made their  
16 own motion and we'll revise the resolution to reflect  
17 what their motions were.

18 MS. COVINGTON-WEBB: Okay. Thank you.

19 CHAIR MOULTON-PATTERSON: We had speakers on 13.  
20 You're here as staff? I don't even see staff. How long  
21 is the item?

22 MR. DIEDRICK: Two minutes.

23 CHAIR MOULTON-PATTERSON: Let's go ahead and  
24 hear it.

25 (Laughter)

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1           CHAIR MOULTON-PATTERSON: Would the speakers  
2 please get in speaker slips if you want to.

3           MR. DIEDRICK: I don't believe there's going to  
4 be any speakers unless there's an issue brought up by the  
5 Board.

6           CHAIR MOULTON-PATTERSON: Okay. We'll go ahead.  
7 Thank you.

8           MR. DIEDRICK: Yes. Madam Chairman, Board  
9 Members, my name is Chris Diedrick and I'm with the  
10 Board's Permitting and Inspection Branch. In the  
11 audience quickly is Bill O'Rullian of the Kern County  
12 LEA, Susan Reid of the Kern County Waste Management  
13 Department and John Richardson, Vice President of the  
14 Community Recycling and Resource Recovery, Incorporated,  
15 who is the operator.

16          CHAIR MOULTON-PATTERSON: Welcome. I apologize.  
17 I thought you had left. We're glad you stayed and we'll  
18 do this. Thanks.

19          MR. DIEDRICK: Agenda Item Number 13 is for  
20 consideration of a revised Solid Waste Facilities Permit  
21 for Community Recycling's Lamont Composting facility in  
22 Kern County. It's a mixed waste composting facility  
23 owned and operated by Community Recycling and Resource  
24 Recovery.

25          Let me jump right to the summary of changes. If

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1 you need specific information, I can provide that.

2 There's going to be an expansion of the footprint of the  
3 composting facility, increase in daily tonnage, increase  
4 in design capacity of the facility, increase of traffic  
5 incoming and outgoing. The official address of the site  
6 will change, not the location just the address, and also  
7 there's a change in the name of the facility.

8 Board staff has determined all the requirements  
9 of the proposed permit have been fulfilled except for one  
10 thing, and I don't think this is an issue but you can  
11 advise me on this. There was an inconsistency between  
12 the proposed permit and the Non-Disposal Facility  
13 Element. Specifically there was a difference in the  
14 amount of tonnage.

15 So in conclusion, if the Board finds that the  
16 proposed permit is consistent with the County  
17 Non-Disposal Facility Element, then staff recommends that  
18 the Board adopt Board Resolution Number 2000-411  
19 concurring in the issuance of Solid Waste Facility Permit  
20 number 15-AA-0307.

21 BOARD MEMBER JONES: The -- Madam Chair.

22 CHAIR MOULTON-PATTERSON: Mr. Jones.

23 BOARD MEMBER JONES: It was identified in the  
24 NDFE.

25 MR. DIEDRICK: Yes, sir. It was identified.

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1 The only discrepancy was that the proposed permit has a  
2 total daily tonnage of 3,692 and the description in the  
3 NDFE has total capacity of 2,872 tons per day.

4 BOARD MEMBER JONES: Madam Chair.

5 CHAIR MOULTON-PATTERSON: Mr. Jones.

6 BOARD MEMBER JONES: I would like to move  
7 adoption of Resolution 2000-411.

8 BOARD MEMBER MEDINA: Before you do, I just had  
9 one question.

10 CHAIR MOULTON-PATTERSON: Mr. Medina.

11 BOARD MEMBER MEDINA: In the proposed area it  
12 says 190 acres of which 120 are designated for  
13 composting. What will the remaining 70 acres be used for?

14 MR. DIEDRICK: They'll be infrastructure. They  
15 have chippers and grinders and I believe there's some  
16 buildings on that, and then there's buffers around the  
17 composting facility. If you need specifics, the operator  
18 is here to answer those questions.

19 BOARD MEMBER MEDINA: That's fine. I just  
20 wanted to know what they were going to be for.

21 CHAIR MOULTON-PATTERSON: Mr. Jones, you made  
22 the motion.

23 BOARD MEMBER JONES: Just to adopt Resolution  
24 2000-411.

25 CHAIR MOULTON-PATTERSON: Do we have a second?

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1           BOARD MEMBER MEDINA:   Second.

2           CHAIR MOULTON-PATTERSON:   Okay.   Motion by  
3   Mr. Jones, seconded by Mr. Medina.

4           BOARD MEMBER ROBERTI:   Madam Chair.

5           CHAIR MOULTON-PATTERSON:   Senator Roberti.

6           BOARD MEMBER ROBERTI:   Even though my  
7   traditional position has been that these things shouldn't  
8   fly because there's not conformance, there's a new Board  
9   policy, which I will vote in recognition thereof as much  
10   as I think it's lousy.

11           (Laughter)

12           CHAIR MOULTON-PATTERSON:   Thank you, Senator  
13   Roberti.

14           We have a motion by Mr. Jones, seconded by  
15   Mr. Medina, for Resolution 2000-411.

16           Secretary, would you please call the roll.

17           BOARD SECRETARY:   Eaton.

18           BOARD MEMBER EATON:   Aye.

19           BOARD SECRETARY:   Jones.

20           BOARD MEMBER JONES:   Aye.

21           BOARD SECRETARY:   Medina.

22           BOARD MEMBER MEDINA:   Aye.

23           BOARD SECRETARY:   Paparlian.

24           BOARD MEMBER PAPARIAN:   Aye.

25           BOARD SECRETARY:   Roberti.

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1           BOARD MEMBER ROBERTI:   Aye.

2           BOARD SECRETARY:   Moulton-Patterson.

3           CHAIR MOULTON-PATTERSON:   Aye.

4           We will continue our meeting until tomorrow

5 morning at 9:30.

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4 I, Terri L. Emery, CSR 11598, a Certified  
5 Shorthand Reporter in and for the State of California,  
6 do hereby certify:

7 That the foregoing proceedings were taken  
8 down by me in shorthand at the time and place named  
9 therein and was thereafter transcribed under my  
10 supervision; that this transcript contains a full, true  
11 and correct record of the proceedings which took place  
12 at the time and place set forth in the caption hereto.

13

14

15 I further certify that I have no interest  
16 in the event of the action.

17

18

19 EXECUTED this 9th day of October, 2000.

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Terri L. Emery

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